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Our Reporter On "Governments"

Study the bank statement that came out last Friday with more seriousness than you've studied any other in recent months. . . . Study it because it was the first report issued by the Federal Reserve System after the income tax date. . . . It indicates, therefore, how the Treasury made out on March 15, that crucial day in fiscal affairs. . . . It tells you how its spending is going. . . . It suggests clearly and unmistakably the magnitude of the borrowing task ahead of Secretary Morgenthau. . . .

The most important figures in the statement, of course, were those revealing the Treasury's balance with the Federal Reserve Banks and those showing the totals of excess reserves of the member banks. . . . Here's what the statement tells you:

(1) The Treasury collected a much greater amount of its taxes in tax-anticipation notes than had been generally anticipated—a forecast made several times in this column. . . . That fact is shown in the statistic indicating the Treasury's balance with the Federal Reserve Banks off $1,408,000 to $58,859,000, the lowest total in years in the week of the heaviest tax collections in history. . . .

(2) We may expect this trend to intensify rather than to become less important, for more and more institutions and individuals will be buying tax-anticipation notes as this year goes by and familiarity with the attractiveness of these notes broadens. . . .

(3) Within a short time, the Treasury must make calls on its war loan depositaries. . . . Despite the fact that there won't be any bill maturities for another two weeks and some income tax funds will be coming in over the remainder of this month. . . .

(4) A huge cash borrowing must be undertaken in April, possibly early in the month. . . . In the six days ended March 17, the Treasury spent $722,500,000, at a rate of more than $120,400,000 a day. . . . These are primarily war expenditures. . . . No longer are we just "appropriating." . . . We're really "spending" the money. . . .

This contrast may be enlightening. . . . Last year, over the income tax date, the Treasury's balance with the Reserve Banks rose $491,000,000. . . . Income tax collections were smaller, of course. . . .

This year the balance went down $1,408,000. . . . And income tax collections were at the record high of $1,085,000,000 in the six days ended March 17. . . .

The Market

Meanwhile, the Government market does nothing and may be expected to do nothing during this waiting period before announcement of the next borrowing. . . . In the last 30 days, tax-exempt bonds have risen about 2 points—a tremendous rise and much more impressive than any advance in taxable securities. . . . The rise was due to the fact that these bonds were under-priced or, maybe, the word is "over-sold". . . . And clarification of the position of partially tax-exempt bonds by Treasury experts has been a great aid to the market. . . .

Tax-exempts and taxables now are just about in line. . . . At least, they're enough in line to permit the market to rest at this point. . . .

For another thing, the market now cannot help but be aware of the possibility that the April borrowing may be closer to the $2,000,000,000 figure than the $1,000,000,000 figure. . . . There's no

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OUR REPORTER'S REPORT

The market is hungry for new material in the opinion of observers who are in a position of constantly watching the situation. Their observation is limited, of course, to the high-grade section of the investment market, and it is the conviction in such circles that a well-rated issue, if it could be brought out now, would be assured of a ready reception.

To support their contention, they cite the sustained demand for high-grades, particularly among the top-ranking utility issues, notwithstanding the low-coupons and correspondingly low yields which continue to prevail for such paper.

True this accumulation still takes the form of orders for small lots, relatively speaking, running from 25 to 50 bonds, but the demand has been persistent recently and it has been noted that bonds so purchased are going out of the Street.

That such demand has been cutting into already modest offerings is evident from the thinness of the "order" market in many such issues. As an example of this condition they cite the performance of American Telephone & Telegraph Company 3¼s of 1961.

That issue closed on Monday at 106¾ and moved up the following day almost a full point on a few transactions.

Bids Due Monday

The setting is viewed as decidedly favorably, provided nothing unforeseen happens in the interval, for the sale of the $10,000,000 additional of 3⅜% bonds, Series of 1971, which the Union Electric Company of Missouri, will dispose of on Monday.

The big North American Company subsidiary will open

(Continued on Page 1233)

Capital Gains Tax Defeats Own Purpose Says Schram Of NYSE, Urging Lowering Tax

Viewing the present capital gains tax as defeating "its own purpose as a revenue-raising measure" Emil Schram, President of the New York Stock Exchange, told the House Ways and Means Committee on March 20 that he is convinced that the lowering of the capital gains tax will free equity capital and, by so doing, will not only help to shift a portion of the financing of the defense effort from Government to private capital but also to increase the revenue derived from the capital gains tax itself."

Mr. Schram's statement before the Committee was presented during a hearing on the bill of Representative Boland proposing a change in the capital gains tax, eliminating the existing distinction between short- and long-term capital gains and fixing a flat rate of 10% thereon. Mr. Schram stated that "I think it is demonstrable that the high capital gains tax has been an important factor in discouraging people from making capital investments. In addition," he said, "it has discouraged those with profits from realizing them." In full Mr. Schram's statement follows:

You have heard a great deal of opinion and testimony of a technical nature relating to the capital gains tax in the course of these hearings. I want to take a few minutes to discuss with you the general philosophy of this tax, as I see it. Having but recently left the Government service, I think I can look at this problem in a somewhat detached manner and from the point of view of those of you whose responsibility it is to provide revenue in increasingly large amounts for the conduct of the war.

Considering the overwhelming burden imposed upon the Treasury and the Federal credit by the necessities of war financing, it would be utterly foolish for anyone to propose at this time any change in the capital gains tax which did not promise greater revenue to the Government. Both the proponents and the opponents of the capital gains tax provisions agree that the paramount purpose is to raise revenue. I want to show you why I think the present capital gains tax has defeated its own purpose as a revenue-raising measure. Because I recognize the imperative emergency need of revenue, I will not discuss the unsoundness of the principle of the capital gains tax. That discussion, in my judgment, can be left to a more appropriate time. At the moment, all of us are concerned, above everything else, with the problem of financing the war. What I have to say bears directly upon that problem.

It seems to me that there are but two reasons why people invest their capital. Either they invest to obtain an income by way of rents, dividends or interest or they invest with the hope that they may sell the investment at a profit. Unless taxpayers are willing to buy and

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Allan Eustis, Jr. Captain In Air Corps

Allan Eustis, Jr., of Spencer Trask & Co., 25 Broad Street, New York City, has received a commission as Captain in the Army Air Corps. Mr. Eustis, who has long been active in aviation, won the Amateur Flying Derby, New York City to Cleveland, in 1931.

Charles F. Bryan has been appointed manager of the Bond Department of Spencer Trask & Co., to succeed Captain Eustis. Mr. Bryan has been with the firm for many years.

R. Sims Reeves Joins Greene's Trading Dept.

Greene and Company, members of the New York Security Dealers Association, 37 Wall Street, New York City, announce the association with them of R. Sims Reeves, previously manager of the trading department of Sutro Bros. & Co., New York. Mr. Reeves has been in the Street for the past 20 years; he was formerly with Robert C. Mayer & Co., Inc., and prior thereto was in business under his own name.

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The Possibilities Of Latin-American Bonds

By Walter Dyckman

Long-delayed buying of raw materials by the United States has caused sudden demands for Latin-American products. With the fall of Malaya, Java and Singapore, which were large producers of tin, rubber and other important products, attention has now been focused on South America.

In practice, tin production is the governing factor in Bolivian trade and accounts for 71% of the exports. Mining is the chief industry of the country and minerals compose about 98% of the exports. Bolivia is now the largest tin producing country in the Western Hemisphere. The United States has recently made a five-year contract with Bolivia calling for $25,000,000 of tin annually. This tin will be smelted at a large smelting plant recently erected by our Government in Texas City, Texas. Practically every ounce of tin used by the United States will have to be purchased from Bolivia.

This is only one illustration of how many of the Latin-American countries will benefit from our large war production.

Since about 1931 many of these countries have been in default on their bonds, but recently some have begun to pay small amounts of interest. The markets for Latin-American bonds, during the last two years, have been showing a gradual appreciation in price. Below is a table showing the prices of a few of these bonds and their price appreciation since 1940:

	1940	1941	1942
Argentine 4s, 1972	54½	58½	68½
Argentine 4½s, 1971	61½	65	76½
Brazil 8s, 1941	10½	17¾	30¼
Brazil 6½s, 1957	8¼	15¼	25⅞
Uruguay 3¾s - 4s - 4½s, 1979	32⅛	35⅞	55
Bolivia 8s, 1947	2½	3½	12½
Bolivia 7s, 1969	2⅝	3⅛	11¼
Bolivia 7s, due 1958	2⅝	3¼	11⅛
City of Sao Paulo (Brazil), 6s, 1943	4	7¾	14¼
Brazil Funding 5s, 1951	20¼	36	47
City of Cali (Colombia), 7s, 1947	15	14	18½
Dept. of Caldas (Colombia), 7½s, '46	7	7	14½
Dept. of Cauca Valley (Colombia), 7½s, 1946	7	7	13¼
Republic of El Salvador, 7s, 1957	6	6	9½

The largest appreciation in these bonds has taken place from 1941 to 1942 and largely since the United States entered the war.

Our Government has not even begun to buy the immense amount of products needed from the Latin-American countries and our future trade with them will undoubtedly be of huge proportions. It is far from a remote possibility, therefore, that many of these countries will begin to prosper to such an extent that they will not only be able to balance their budgets, as Bolivia has already done, but will be able to purchase their own bonds or possibly refund them with lower coupons. Most of these bonds were issued when 7% and 8% coupons were in vogue and, as many of them have been in default since 1931, due to lack of export business and our own business depression, there has been, of course, no way to dispose of these high interest rates.

Just how important are these countries to our war production needs?

The chief exports of these countries are as follows:

Argentina: Wheat, wool, beef, linseed, cattle hides and corn.

Bolivia: Tin, silver, lead, copper and tungsten.

Brazil: Coffee, cotton, preserved meats, hides and skins.

Chile: Copper, nitrate, gold, silver, ores, petroleum, bananas and cattle hides.

Uruguay: Wool, chilled beef, preserved meat, linseed and cattle hides.

Some Latin-American countries have already received lend-lease agreements from our country. Bolivia is one of these countries whose agreement totals about $11,000,000.

It has already been agreed between our country and Brazil that both countries will cooperate on mutually beneficial terms in stimulating the production of important materials now so sorely

(Continued on Page 1240)

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Aetna Life Combines Advertising & Publicity

Pres. Morgan B. Brainard of the Aetna Life Group, announced the combining of the advertising and publicity departments of the Aetna Life Insurance Company and its affiliated companies, the Aetna Casualty and Surety Company, the Automobile Insurance Company, and the Standard Fire Insurance Company, effective immediately. The consolidated department will be headed by Stanley F. Withe, until now manager of the publicity division of the casualty, surety, fire and marine departments.

Under Mr. Withe's general direction, the announcement stated, C. V. Pickering will have general charge and oversight of the advertising of the life insurance activities of the group, R. E. Brown, Jr., of the casualty department, and H. C. Pulver of the fire and marine and allied lines.

Norris Named V.-P. Of Commerce Union

NASHVILLE, TENN.—W. F. Norris has become a vice-president of the Commerce Union Bank, 400 Union Street. Mr. Norris was formerly a vice-president of C. F. Childs & Company, investment house of Chicago.

Goshia To Be Partner In Collin, Norton Co.

TOLEDO, OHIO—Oliver Goshia, for many years manager of the trading department of Collin, Norton & Co., 508 Madison Avenue, members of the New York Stock Exchange, will be admitted to partnership in the firm as of April 1.

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Wall St. Riders To Hold Charity Show

Burton Wander, J. S. Bache & Co., President of the Wall Street Riding Club, has announced that the Seventh Annual Charity Horse Show and Dance will take place on the afternoon and evening of Saturday, April 11, at the club's ride headquarters, Aylward's Academy, 32 West 67th Street, New York City.

Patrons of the show include members of the club's board of advisors, Harvey D. Gibson, Manufacturers Trust Co.; John M. Schiff, Kuhn, Loeb & Co.; Chase Donaldson, Distributors Group, Inc.; Jansen Noyes, Hemphill, Noyes & Co.; E. Roland Harriman, Brown Bros., Harriman & Co., and B. A. Tompkins, Bankers Trust Co.

Mr. Gibson several years ago placed in competition a trophy titled "The Gibson Perpetual Challenge Trophy," which is open for competition to members of the club only and is awarded on "seat, hands and general management of the horse." A replica of the trophy is presented to the winner each year.

Mr. Wander has appointed the following committee to manage the show: Chairman, Gerhard H. Struckmann, Bank of Manhattan; Treasurer, William Salisbury, and Secretary, Miss Marie R. Cambridge.

Proceeds of the show will be donated to The Tribune Fresh Air Fund, which also was the recipient of a sizable donation from last year's show.

The show not only attracts many spectators from the financial community, but also many brokers can be found among the entries. Dancing will follow at the conclusion of the ring's program.

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Increased Earnings For NYSE Listed Cos.

The March issue of "The Exchange" magazine, published by the New York Stock Exchange, in an article on "Corporate Income in 1941," points out that while, for the first time in history, many companies in 1941 paid out more than one-half of their total net income for taxes, still net earnings, after taxes, were more substantial than in any other recent year. Earnings of 534 companies with issues of common stock listed on the New York Stock Exchange were 21.9% larger, in the aggregate, than in 1940, with profits totaling $2,882,021,000, against $2,363,800,000 in the year before. However, the publication states, "the increase does not, for the most part, represent additional cash available for still higher taxes, wages or dividends." The article goes on to state:

> By industries, the largest gains in earnings last year were made by: Rails, an increase of 112.3%; business and office equipment, 73.2%; petroleum, 67.2%; textile, 53.8%, and aviation, 51.5%.
>
> Meanwhile, the financial, public utility and tobacco companies fell behind their 1940 record.
>
> The largest dollar increases among the individual industries, for the companies reporting to date, were: 62 companies in the rail industry, a gain in combined net income from $225,300,000 to $478,378,000; 32 steel companies, a gain from $268,000,000 to $306,995,000; and 13 petroleum companies, from $49,800,000 to $83,275,000.
>
> Although aggregate profits gained substantially over 1940—with the increase even sharper than the gain recorded from 1939 to 1940—improvement of income was by no means universal. One hundred and twenty-one, or almost one-fourth, of the companies had less favorable results in 1941. These were mainly in the financial, tobacco and public utility groups, but there also was a sprinkling of companies whose profits receded in the other groups.

Twelve States Adopt Uniform Blue Sky Form

Securities commissions of 12 States have adopted a uniform form for the qualification of new securities under their respective "blue sky" laws in line with a program worked out by the committee on uniformity of the National Association of Securities Commissioners. This was disclosed in a communication sent on Mar. 23 by the State Legislation Committee of the Investment Bankers Association of America to all major underwriters of new securities, urging their fullest cooperation with the State commissioners by using the forms in all cases where they are applicable.

According to the IBA announcement, States which have approved the proposed form are Alabama, Arkansas, Iowa, Minnesota, Nebraska, New Hampshire, Ohio, Rhode Island, Tennessee, Texas, Virginia and Wisconsin. North Carolina will adopt the form as of April 1 and it is anticipated that additional States will approve its use as soon as they have had an opportunity to investigate its adaptability under the provisions of their particular statutes, the letter stated.

In urging members to utilize the new forms, the IBA emphasized their economy and timesaving to issuers and underwriters. It said:

> We are indebted to the Securities Commissioners' Association and the members of its committee for a tremendous amount of research and labor in this matter and for their very conscientious effort to cooperate with legitimate business to the end of reducing to the minimum the burdens incident to compliance with the several State laws. The economies and advantages to be derived from these efforts will not materialize, however, unless the industry, including issuers, underwriters, and those primarily responsible for the registration of securities make use of the forms thus provided.

Vern G. Zeller, Securities Commissioner of Wisconsin, was Chairman of the Committee that prepared the uniform form. Paul L. Selby, Ohio Securities Commissioner, is President of the association. It is indicated that two major advantages cited for the new forms are:

> (1) The obvious savings to issuers and underwriters in preparing facts and figures on one uniform set of statements in lieu of the variety involved when each State asked for information on its special set of forms; and
>
> (2) Savings to the States themselves in the elimination of printing and other costs in the preparation of their present forms.

Herczel Dies

Richard E. Herczel, Manager of the Municipal Bond Department of Shillinglaw, Crowder & Co., Chicago, Ill., died on Mar. 13.

Recommends Changes In Defense Bonds

The following letter regarding U. S. Defense bonds has been sent to Mr. M. S. Eccles, Federal Reserve System, Washington, D. C., by Thomas Graham, Bankers Bond Co., Louisville, Ky.:

"I wrote to Mr. Harold N. Graves, Assistant Secretary of the Treasury, on Feb. 28 regarding Defense Bonds, a copy of which letter is attached, and I also sent copies to various people asking for their reactions to my letter. I have heard from a great many individuals, business men and bankers in Kentucky, and the compilation of their conclusions is as follows:

"(1) That the name should be changed to 'War Savings Bonds' or 'Victory Savings Bonds.'

"(2) That all advertising should be characterized by airplanes, tanks, battleships, implements of modern warfare and the American Eagle; and not by a Minuteman with an outmoded musket. That people want offense and not defense 'now.'

"(3) That the sale of Defense Bonds should be handled in the future by Federal Reserve Banks and that they have full supervision and direction of sales and method of sales. The reason for this is that rightfully or wrongfully, due to past and recent controversies over present and future taxes, social security increases, taxing municipals, etc., the public seems to have gotten the impression that certain members of the Treasury Department are not acting in entire good faith, and as Government bonds are backed only by good faith of the country itself, it would be better to have this deterent eliminated by another agency handling the sale of the bonds. Also, a great many small buyers who do not really understand such matters, have gotten the impression that the paying of taxes and the purchasing of Defense Bonds will in the end be one and the same thing.

"(4) The bonds should be reset on a basis of 20 to 25-year non-negotiable 2½% bonds. In other words, when money is cheap every effort ought to be made to sell as long-term bonds as possible to the individual investor. There are plenty of other Government bond issues available for banks, insurance companies and other agencies to invest in.

"(5) That every effort should be made to sell this type security to the individuals benefiting from the war effort. At the end of the war period a great many people will, therefore, have a financial stake in their Government which will be helpful in the interest of good government.

"I am respectfully submitting these suggestions to you, as under present conditions it seems to me it is up to everybody to do everything they can from a constructive standpoint to back up the President in this terrific emergency. It simply means that certain policies of various departments have to be revamped in the same way the President has recently so ably revamped the leadership of the armed forces."

Customers Brokers Seek Curb On SEC

The Association of Customers Brokers has petitioned Congress to amend the securities laws so that the legislation will prescribe the exact powers which it considers necessary for the protection of investors and in the public interest. In a letter to Representative Lea, Chairman of the House Interstate Commerce Committee, and head of the subcommittee now drafting amendments to the Securities Act of 1933 and the Securities Exchange Act of 1934, the Association says that it is in full accord with the underlying purposes of these Acts and sets forth its position as follows:

> In our opinion, the granting of broad discretionary powers to an appointed commission which directly or indirectly controls the financial fortunes of millions of investors and hundreds of institutions handling billions of savings and invested capital, is, in many instances, detrimental to the public interest.
>
> This constitutes government by men rather than by law. We feel that under clearly defined laws the securities business, of which we are a part, can render more competent and more effective advice and service to the investing public.

The Association also asks that provisions of the Acts that now delegate discretionary powers to the Securities and Exchange Commission be amended or deleted.

Bond Club Of Denver Bowling League Returns

DENVER, COLO.—The Bowling League of the Bond Club of Denver announces the scores for the eighth week of the meets:

	Won	Lost	Pct.
Roystones	20	4	.833
Odd-Lots	16	8	.667
Municipals	12	12	.500
Preferreds	11	13	.458
Over-the-Counters	10	14	.417
Investment Trusts	10	14	.417
Corporates	9	15	.375
Dividends	8	16	.333

The Roystones are captained by Leon Macart, Municipals by Norman Godbe of Geo. W. Vallery & Co., Odd-Lots, by Jerry Ryan Peters, Writer & Christensen; Preferreds by Hal Myers, Corporates by Bernard Kennedy, Bosworth, Chanute, Loughridge & Co., Over-the-Counters by Ernest Schlenzig, Investment Trusts by Chan Lilly, and Dividends by Smith.

High team series is held by the Odd-Lots; high team game by the Municipals; high individual series by Ernie Stone with a score of 587; high individual game by Chan Lilly with a score of 237.

Groch Goes To Detroit As J. S. Bache Manager

J. S. Bache & Co., members New York Stock Exchange, announce that Louis J. Groch, formerly in charge of their Albany, New York office, has been appointed manager of their Detroit office in the Penobscot Building. He will take up his new duties immediately.

Brockway Motors Co. Inc.

Reynolds Realization
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Aldred Investment Trust
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Employees of National Quotation Bureau, Inc., New York, Chicago and San Francisco, are participating 100% in a voluntary weekly payroll subscription plan in buying United States defense savings bonds and stamps.

B. & M. Highlights

"Highlights on Boston & Maine for 1942," a descriptive booklet discussing the current situation in issues of the Boston & Maine Railroad, with particular emphasis on the first preferred stocks, has been prepared for distribution by Clark, Kohl & Eyman, 55 Liberty Street, New York City, from whom copies may be obtained upon request.

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DIVIDEND NOTICES

American Woolen COMPANY

INCORPORATED

225 FOURTH AVE., NEW YORK, N. Y.

AT a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of $2.00 a share on account of arrears was declared, payable April 15, 1942 to stockholders of record April 1, 1942. Transfer books will not close. Checks will be mailed.

F. S. CONNETT, *Treasurer*

March 18, 1942.

CITY INVESTING COMPANY

55 Broadway, New York

March 19, 1942

The Board of Directors has this day declared, out of surplus earnings of the Company, a dividend for the three months ending March 31, 1942, of one and three quarters (1¾%) per centum upon the issued and outstanding Preferred Capital stock of the Company, other than Preferred stock owned by the Company, payable April 1, 1942, to holders (other than the Company), of the Preferred Capital stock of record on the books of the Company at the close of business on March 26, 1942. Checks will be mailed.

G. F. GUNTHER, Secretary

National Power & Light Company

$6 PREFERRED STOCK DIVIDEND

The regular quarterly dividend of $1.50 per share on the $6 Preferred Stock of National Power & Light Company has been declared for payment May 1, 1942, to holders of record at the close of business April 15, 1942.

ALEXANDER SIMPSON, Treasurer.

PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE

Common Stock Dividend No. 105

A cash dividend declared by the Board of Directors on March 18, 1942, for the quarter ending March 31, 1942, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on April 15, 1942, to shareholders of record at the close of business on March 31, 1942. The Transfer Books will not be closed.

D. H. FOOTE, *Secretary-Treasurer*

San Francisco, California.

UNITED STATES SMELTING REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock, and a dividend of One Dollar ($1.00) per share on the Common Capital Stock, both payable on April 15, 1942 to stockholders of record at the close of business March 28, 1942.

GEORGE MIXTER, *Treasurer.*

March 19, 1942.

McGregor, Irvine Co. Merges With Parrish

McGregor, Irvine & Co., 1219 Chapline Street, Wheeling, West Virginia, will be merged with Parrish & Co., 40 Wall St., New York City, members of the New York Stock Exchange and other leading stock exchanges.

Russell D. Irvine and Edgar R. McGregor, both members of the Wheeling Stock Exchange, will become general partners in Parrish & Co. in charge of the newly opened Wheeling office, which will be located in McGregor, Irvine & Co.'s former quarters at 1219 Chapline Street. Thomas A. Griffith, formerly a partner in McGregor, Irvine & Co., will also be associated with Parrish & Co.

Jordan To Be Partner

NEW ORLEANS, LA.—Harry B. Jordan will become a limited partner in Thomas Jordan & Co., 615 Commerce Place, members of the New York Stock Exchange, as of April 1.

Visiting In N. Y.

Harry A. Rounds, Harry A. Rounds & Co., and Virgil C. McGorrill, President of the State Investment Company, both of Portland, Maine, were visitors in New York this week.

Canadian Securities

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Russel Swaney Is With Straus Securities Co.

GRAND RAPIDS, MICH.—Russel A. Swaney, formerly an officer of Harper, Wegusen & Yonkman, Inc., is now associated with the newly opened branch office of Straus Securities Co. in the Federal Square Building. Also connected with the Straus Grand Rapids branch is William C. Harper, formerly with Harper, Wegusen & Yonkman, Inc.

Insurance Stocks Attractive

Mackubin, Legg & Company, 22 Light Street, Baltimore, Maryland have just issued a descriptive bulletin on American Casualty Company, indicating attractive income possibilities at current levels. The bulletin discusses capitalization, earnings and liquidating values and dividends, net premium volume and diversification of assets of the company. Copies of this interesting bulletin may be had upon request from the Bank and Insurance Stocks Department of Mackubin, Legg & Co.

Allison With Tifft

(Special to The Financial Chronicle)

SPRINGFIELD, MASS. — V. Blake Allison has become associated with Tifft Bros., 1387 Main Street, members of the New York and Boston Stock Exchanges. Mr. Allison was formerly manager of E. M. Dickinson & Co. of Holyoke, Mass. and prior thereto was with Buchanan & Co. and B. F. White & Co., Inc.

MEETING NOTICES

CANADIAN PACIFIC RAILWAY COMPANY

NOTICE TO SHAREHOLDERS

The Sixty-first Annual General Meeting of the Shareholders of this Company, for the election of Directors to take the places of the retiring Directors and for the transaction of business generally, will be held on Wednesday, the sixth day of May next, at the principal office of the Company, at Montreal, at twelve o'clock noon.

The Ordinary Stock Transfer Books will be closed in Montreal, Toronto, New York and London at 3 p.m. on Tuesday, the fourteenth day of April. The Preference Stock Books will be closed in London at the same time.

All books will be re-opened on Thursday, the seventh day of May.

By order of the Board,
F. BRAMLEY, Secretary.

Montreal, March 16, 1942.

NEW YORK AND HONDURAS ROSARIO MINING COMPANY

NOTICE OF STOCKHOLDERS' ANNUAL MEETING

The Annual Meeting of the Stockholders of NEW YORK AND HONDURAS ROSARIO MINING COMPANY will be held at the office of the Company, at Rooms 1855-1859, No. 120 Broadway, New York, N. Y., on Wednesday, April 1st, 1942, at two o'clock P. M., to consider and act upon the following matters:

1. The election of ten Directors for the ensuing year, or until their successors are elected and qualified;
2. Continuing the employment of Ernst & Ernst as the Company's auditors;
3. To consider and take action upon the proposed amendment of Article III of the By-laws of the Company, by adding thereto Section 7 with respect to the indemnification of its directors in certain instances as set forth in said proxy statement;
4. The transaction of such other business as may properly come before the meeting, or any adjournment or adjournments thereof.

For the purpose of the meeting, the transfer books of the Company will be closed from noon, March 21st, 1942, until ten A. M., April 2nd, 1942.

BY ORDER OF THE BOARD OF DIRECTORS
J PERLMAN, Secretary.

Dated March 18, 1942.

UTILITY PREFERREDS

JACKSON & CURTIS

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Edward L. Hentzi** has been added to the staff of **Alcock, Hill & Co.,** 80 Federal St.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Herman K. Allen, William A. Pye** and **Raymond J. Maher** have become connected with **Trust Funds, Inc.,** 89 Broad St.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Bernard R. Keegan** has become affiliated with **Hickey & Co., Inc.,** 135 South La Salle St.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **Homer L. Grossman** is now **with McDonald-Coolidge & Co.,** Union Commerce Building.

(Special to The Financial Chronicle)

COLORADO SPRINGS, COLO. —**Edward Emmett Murphy, Jr.,** has been added to the staff of **Boettcher & Co.,** Exchange National Bank Building.

(Special to The Financial Chronicle)

DETROIT, MICH. — **James M. Butler,** previously with R. C. O'Donnell & Co., has become connected with **Wm. C. Roney & Co.,** Union Guardian Building.

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH. — **Remson T. Jarvis,** formerly with Harper, Wegusen & Yonkman, Inc., has become affiliated with **King, Wulf & Co.,** Michigan National Bank Building.

(Special to The Financial Chronicle)

JACKSON, MICH. — **Arthur Graver** has joined the staff of **H. H. Butterfield & Co.,** Jackson City Bank & Trust Co. Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Fred J. Faerber** has become associated with **Bogardus, Frost & Banning,** 629 South Spring St. Mr. Faerber was previously with Klehmet & Co., Dean Witter & Co. and Wm. Cavalier & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **Frank Dorsey,** previously with Griffith-Wagenseller & Durst, has become connected with **Nelson Douglass & Co.,** 510 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Clarence D. Hague,** formerly with Bankamerica Company, is now with **Franklin Wulff & Co., Inc.,** Bank of America Building.

(Special to The Financial Chronicle)

OAKLAND, CALIF. — **Arthur Garfield Berger** has become associated with **Davies & Co.,** 1404 Franklin St. Mr. Berger was previously with Dean Witter & Co.

(Special to The Financial Chronicle)

PORTLAND, ORE. — **Leonard M. Baldwin** has been added to the staff of **Sloan & Wilcox,** U. S. National Bank Building.

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—**Roger K. Williams** has become affiliated with **Wyeth & Co.,** 530 Broadway.

(Special to The Financial Chronicle)

SHEBOYGAN, WISC.—**Rudolph R. Hoffman** is now associated with **Heronymus, Ballschmider & Co.,** Security National Bank Building. Mr. Hoffman was formerly with B. C. Ziegler & Company.

St. Louis Municipal Dealers Elect White

ST. LOUIS, MO.—The St. Louis Municipal Dealers' Group elected Kelton E. White, G. H. Walker & Co., Chairman for the tenth successive term at their annual meeting. Fred A. Arnstein, Stix & Co., was named Vice-Chairman, succeeding I. A. Long; Willis Marshall, Trust Department of the Boatmen's National Bank, Treasurer, to succeed E. W. Darmstatter; George Reis, Bond Department of the Mississippi Valley Trust Co., to succeed Joseph Glynn as Secretary. Carl Trauernicht was re-elected chairman of the nominating committee.

Chester Grooms Now With Carstairs Co.

PHILADELPHIA, PA.—Chester M. Grooms has become associated with Carstairs & Co., 1421 Chestnut Street, members of the New York and Philadelphia Stock Exchanges, where he will be in charge of the over-the-counter trading department. Mr. Grooms was formerly manager of the trading department of C. S. Wurts & Co. for many years; prior thereto he was trading manager of the Philadelphia office of Van Alstyne, Noel & Co. and was with Fitch, Crossman & Co.

Wm. Sills Named President

CHICAGO, ILL.—William H. Hills has been elected President of Sills, Troxell & Minton, Inc., 209 South La Salle Street, succeeding Clarence W. Sills, who was named Chairman of the Board. William H. Sills was formerly a Vice-President of the firm.

Underlying Railroad Bonds

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CHICAGO

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Debentures Interesting

The annual report for 1941 of the National Fireproofing Corporation of Pittsburgh contains several facts of particular interest to holders of the corporation's 5% Cumulative Convertible Income debentures of 1952, according to a detailed memorandum issued by Colonial Bond and Share Corp., First National Bank Building, Baltimore, Md. The memorandum contains a summary of the profit and loss statement and balance sheet and gives a brief history of the company and its products. Copies of the memo may be obtained upon request from Colonial Bond & Share Corp.

Tax Proposals & Railroads

Shields & Company, 44 Wall Street, New York City, members of the New York Stock Exchange, have issued a survey of the Treasury's most recent tax proposals as applied to railroad securities. Copies may be obtained from Shields & Co. upon request.

Tomorrow's Markets Walter Whyte Says——

Market still in doldrums. Action of last four days indicates nearby turn. Bear factors still dominate. Taxes not considered the major retarding factor. War and basic changes brought on by it are the real causes.

By WALTER WHYTE

The action of what in these days is laughingly referred to as the stock market, has everybody in a state of semicoma.

* * *

Since last week, or for that matter since the last break down, in the beginning of the month, the market has been able to do little but stir occasionally, yawn, roll over, get up languidly on one elbow, yawn again and then go back into the arms of Morpheus. And no amount of prodding, whether in the form of good news or fancy rumors could arouse it from its slumbers.

* * *

This has started a lot of people to wondering — out loud, too—if the market had any feet left to get up on. There are those who are even unkind enough to say that it is a good thing the market doesn't get up from it's recumbent position. The implication being, that if it were unwise enough to do so, it would fall flat on its chubby little face.

* * *

Of course, there are reasons for this arm stretching and yawning. There always are. The most popular ones are taxes, the war, the New Deal, taxes, the SEC, and taxes. Meanwhile, our light hearted Congress, with one eye on reelection and the other for headlines, is busily engaged in screaming its panaceas that, according to them, would solve everything, if only their theories of economics were to become law. I sometimes think that some of our headline hunting officials have decided to paraphrase the blitz. They intend to sitz.

* * *

The market is supposed to be an inanimate object unable to think for itself. Still, whatever it's faults it is not inanimate and if it doesn't do any independent thinking, it still represents a cross section of the best informed thinking of the country, if not the world. It is obvious, that it is worried by something. What this something is, time alone will tell. I don't believe that

(Continued on page 1236)

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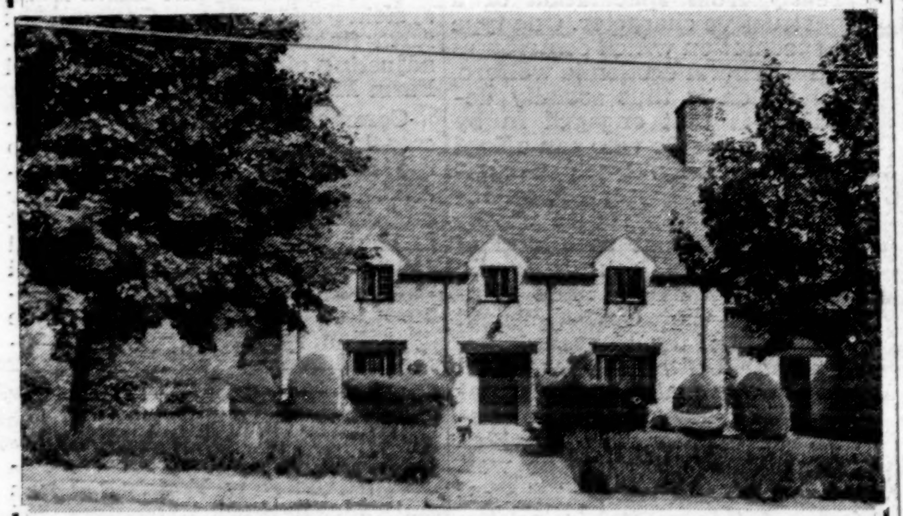

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

The Chicago, Rock Island & Pacific general 4s, 1988, have rebounded approximately 80% from the Pearl Harbor low of 15½, and have been attracting considerable speculative attention recently at the highest prices witnessed since the 1937 boom. The background for the sharp price recovery is not hard to discover. First, there has been the wide earnings improvement, instituted by war activity, which enabled the company to cover its old fixed charges 1.34 times last year, and holds promise of even better results this year. Secondly, there has been the rapid rehabilitation of finances, with cash up to $16,849,000 at the end of 1941 compared with $9,311,000 a year earlier, carrying with it the potentiality of some interest payments this year. Finally, there has been the concerted move by speculators and investors alike from industrial and utility stocks, where dividends are threatened by mounting taxes, into the tax-sheltered defaulted bond group.

The bonds still look underpriced, viewed solely on the basis of present and early prospective earning power of the properties. It is being pointed out, however, that this is a reorganization proposition and that price potentialities must be measured by treatment in the reorganization plan, and the prospective value of the new securities to be received. The length of time to elapse before the new securities may be delivered is also a factor. Measured by these standards, the "Rock Island" generals appear to have little room for further price improvement for many months to come. On this basis, students of railroad reorganization procedure have been recommending the acceptance of profits at recent levels.

The final "Rock Island" plan has been before the District Court since last August, but it is generally expected that no decision will be forthcoming until Supreme Court action has been taken on one or more of the railroad reorganizations on which appeals for review are now pending. This will probably not be before next Fall. At best, then, and assuming that the plan is upheld by the courts, delivery of new securities could not be expected until late 1943, and "when issued" trading in the new securities does not appear in prospect for at least eight to 10 months.

The "Rock Island" reorganization is about the most drastic promulgated by the ICC to date, with fixed charges reduced to below $2,500,000 compared with old requirements of nearly $14,000,000. Obviously, then, the treatment accorded the individual old liens has been particularly severe. Holders of the general mortgage 4s are to receive only $83.51 in new 1st mortgage bonds, with the balance of the claim settled with $454.14 of income 4½s, $445.98 of 5% preferred and, roundly, 3.5 shares of new common. The new 1st mortgage will be one of the strongest, if not actually the strongest, of the blanket mortgages being created in the present crop of reorganizations. Position of the junior securities will be clouded by the past earnings record; not in any year from 1932 to 1939, inclusive, would the full interest have been earned on the proposed new income bonds. In large measure this may be traced to extraordinary expenses incident to comprehensive property rehabilitation, and this should not prove a permanent market handicap. Actually, with properties now in excellent physical shape, the company should be able to earn the interest on its income bonds consistently in all but the most severe depression periods. Earning power of the new stocks will naturally depend largely on final determination of the tax liability.

Based on past experience, but allowing for the fact that the whole reorganization picture will probably be considerably clearer by the time "Rock Island" new securities are traded on a "when issued" basis, it seems likely that the old bonds will sell at a discount of at least 20% from the equivalent value of the new securities they are to receive. With such an arbitrage spread it would be necessary, to support the present price of 27½ for the generals, for the new 1st mortgage bonds to sell at 80, the new income 4½s at 40, the new preferred at 19 and the new common at 3. Compared with prices for other reorganization securities, considering the time element, and in view of the fact that the effective date of the plan is Jan. 1, 1942, so that there are no back accumulations of income on the new securities, it seems overly optimistic to anticipate such prices for the new securities at, or shortly after, trading first starts.

Aside from the momentum generated by the present broad public interest in this section of the list and the consequent indiscriminate buying without regard for fundamentals, there would seem an excellent possibility for lower prices for the generals in the next six months to bring them in line with probable initial values for the new securities. The only factor that might change this picture would be disapproval of the plan, and more liberal treatment in a subsequent plan. This does not appear likely.

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Latin-American Solidarity

Brailsford, Rodger & Co., 208 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange, have just published a booklet entitled "Latin American Solidarity and What It Means to the American Investor." Copies of this timely booklet, which should be of particular interest in the present world situation, and also special bulletins on Bolivia and Brazil may be obtained from Brailsford, Rodger & Co. upon request.

Chicago Times Ups Price

The Chicago "Daily Times" announced that, effective March 18, it would increase its newsstand price from 2 to 3 cents, because of increased production costs and reduced advertising revenue, due to the war.

The recent action of some national magazines in raising their price was referred to in these columns of March 12, page 1041.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40¼, low—14¾, last—39⅝.

Bank and Insurance Stocks

This Week — Bank Stocks

Detailed data just released covering income and operating ratios of New York City banks indicate their 1941 experience as well as furnish a guide to possible effect of higher taxes proposed for 1942.

The 17 member banks in Greater New York with deposits of over $100,000,000, according to study prepared by the Federal Reserve Bank of New York, had higher ratios of net current earnings to capital funds—5.7% for 1941, compared to 5.3% in 1940. However, net profits only slightly increased, from 5.5% to 5.6%, as net recoveries and profits on securities sold were slightly smaller and charge-offs on loans were somewhat larger. Net recoveries were 0.7% of gross earnings in 1941, compared to 1.8% in 1940.

This modest improvement in earnings and profits is traceable to heavier volume of earning assets at approximately maintained rates of return, which enabled operating margin to show slight improvement despite rise in taxes. As the result of rapid expansion in volume of earning assets, the ratio of capital funds to loans, securities and real estate declined from 17.5% in 1940 to 15.4% in 1941. By contrast, ratio of capital funds to deposits, dropped only from 11.0% to 10.1%. Return on loans improved from 2.6% to 2.7%, compared to drop in return on investments from 1.7% to 1.6%. Thus, net current earnings, after operating expenses, were 31.2% of gross, compared to 30.2% in 1940. Operating ratio consequently dropped to 68.8%, compared to 69.8% in 1940.

The operating experience in 1941, therefore, was featured by a rise in gross earnings which fully offset increased costs except taxes. This is shown by the fact that the expense ratios all showed a decline relative to gross, excepting taxes. Salaries and wages dropped from 34.7% to 33.5% of gross; interest on time deposits, from 1.7% to 1.4%; and all other expenses, from 29.3% to 27.2%. Taxes other than real estate taxes, however, rose from 4.1% to 6.7% of gross, indicating that increase in taxes outran the increase in gross earnings. The improved gross did, nevertheless, hold down the effect of increased taxes, which in 1941 were largely represented by 7% surtax.

In trying, therefore, to judge the effect on earnings of the proposed increase in surtax to 31%, the 1941 experience suggests that an important offset to the higher taxes will be the increased gross derived from continued expansion in earning assets.

Total earning assets of weekly reporting New York member banks increased $1,861,000,000 (18%) for 1941, of which 60% was expansion in holdings of Government securities. Since Dec. 31, 1941, earning assets have further expanded $344,000,000, reaching on March 11, 1942, a new high of $12,505,000,000, compared to 1941 high of $12,326,000,000 on Oct. 22. In this 1942 expansion, commercial loans have made a strong showing, accounting for 37% of the expansion, or as much as the expansion in Government securities for the period.

Although, therefore, the outlook for further expansion of bank credit in 1942 appears to depend chiefly on the volume of Treasury financing done through the banks, commercial loans may continue to be an important contributor to volume.

Government securities, however, will constitute the largest source of earning asset volume, with about $20,000,000,000 of the $33,000,000,000 deficit estimated for the 1943 fiscal year likely to be financed through commercial banks. In the first five months of 1941, New York City banks accounted for nearly 75% of the increase in holdings of Government securities by all reporting banks. Of course, the actual ratio of taking of war financing by New York City banks will depend on their supply of excess reserves, but it seems likely that the Treasury will call upon them for a large share of support of war financing, and will see to it that these large banks are amply supplied with excess reserves for the purpose.

Assuming that New York City banks do take 50% of the estimated financing through the banks—which is not far-fetched because that was the actual ratio for the fiscal year ending June 30, 1941—the $10,000,000,000 indicated expansion in Governments for the 1943 fiscal year, at no more than the 1.6% average return on investments for 1941, would yield $160,000,000 in gross earnings.

On the other hand, the proposed 31% surtax and 24% normal tax would compare with 7% surtax and 24% normal tax for 1941, when net profits were an estimated $90,000,000 for weekly reporting New York City member banks. Figuring roughly, therefore, before combined 1941 normal tax and surtax, the net before taxes was $130,000,000, on which the proposed increase of 24 percentage points in surtax would mean $31,200,000 higher taxes for 1942.

This is hypothetical figuring, of course, because of the many ramifications of actual tax computation; but it does serve to illustrate concretely the probability that wartime expansion in earning assets will help provide for higher taxes and thus preserve good operating margins.

The following table compares the average operating ratios of member banks in Greater New York with deposits of over $100,000,000, as reported in each year by the Federal Reserve Bank of New York:

	1941	1940
Number of banks	17	17
Summary Ratios (% of Total Capital Accts.):		
Net current earnings	5.7%	5.3%
Net profits	5.6	5.5
Cash dividends declared	4.1	4.2
% of Total Assets:		
Total earnings	1.6	1.7
Total expenses	1.1	1.2
Net current earnings	0.5	0.5
Net profits	0.5	
Sources and Disposition of Earnings (percentage of Total Earnings):		
Interest and discount on loans	34.1	32.7
Interest and dividends on securities	36.3	35.3
Service charges on deposit accounts	3.5	3.6
*All other earnings	26.1	28.4
Total earnings	100.0%	100.0%
Salaries and wages	33.5	34.7
Interest on time deposits	1.4	1.7
Taxes other than real estate	6.7	4.1
All other expenses	27.2	29.3
Total expenses	68.8	69.8
Net current earnings	31.2	30.2
Net of charge-offs or recoveries	†0.7	†1.8
Net profits	31.9%	32.0%
*Trust department earnings included in "all other earnings"	15.2%	16.4%

†Net credit.

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Girard Trust Co.
Penna. Co. for Ins. on Lives etc.
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Capital Gains Tax Defeats Objective

(Continued from First Page)

sell capital assets, there is no possibility of deriving revenue from a capital gains tax.

No man in his right mind is going to expose his hard-earned capital to needless risks. The income accruing by way of rents, dividends or interest cannot compensate for the loss of capital. In earlier years an investor who lost his capital in one venture had at least a chance of recouping his loss in a subsequent venture. Today the capital gains tax has made this extremely difficult, if not impossible.

To illustrate, take the case of a taxpayer who has accumulated $10,000 capital. He invests $5,000 of it in a piece of land and the other $5,000 in a local manufacturing company. Over a period of years, the local manufacturing company prospers and the taxpayer sells this investment at a profit of $3,000. The next year he sells his land at a loss of $3,000.

Now you would think that this taxpayer, having made $3,000 in one venture and having lost $3,000 in another, would still have his $10,000 in capital intact. But under the present capital gains tax, this might not be the case. The chances are the taxpayer would have shared a large portion of his capital gains with the Government, but would have borne all of the loss himself. This means that a taxpayer's capital is going to be frittered away even though he is skillful enough to balance his successful and unsuccessful investments.

Under existing circumstances it is easy to see why business investments no longer attract private capital to the extent that they should in a healthy economy and why there is such a lack of much-needed venture capital. This lack of venture capital has, I believe, increased the financial burden which the defense effort has placed upon our Government. I have no doubt that all of you know business men in your districts who have been forced either to borrow from the Government or from the banks in order to finance their war efforts, although those business men would have preferred to finance themselves through the raising of equity capital.

Time and time again, I have heard people say—"I know that this is a sound venture and I know that it needs equity money, but I won't go into it because if it succeeds, I will have to give most of my gain to the Government, while if it fails, I will have to bear all the losses myself."

It seems to me that those who urge a higher capital gains tax lose sight of the very important and very fundamental fact that you cannot derive revenue from a capital gains tax unless you have purchases and sales of capital assets. I think it is demonstrable that the high capital gains tax has been an important factor in discouraging people from making capital investments. In addition, it has discouraged those with profits from realizing them.

I am convinced that the lowering of the capital gains tax will free equity capital and, by so doing, will not only help to shift a portion of the financing of the defense effort from Government to private capital but also to increase the revenue derived from the capital gains tax itself.

The Government's own records demonstrate that the capital gains provisions, as now written, are disappointing from the standpoint of revenue produced. Not only is there a large loss of potential revenue to the Government, but we also have a paralyzing condition of inertia, insofar as the use of venture capital is concerned.

The question has been raised as to the relation of speculation to the proposed modification of the present capital gains tax. The statement has been made that the bill proposed by Congressman Boland "would place a premium on speculation." It seems to me that such an effort to discredit the proposed improvement in the tax law is not only deplorable, but that it misses the point.

This country has benefited greatly from speculation of a constructive character. One type of speculation which contributes to the general economic welfare, and which is thus socially desirable, is that engaged in by informed people who can afford to assume risks. Such speculation is often, in reality, an investment in the future of the country. Without that kind of speculation, this country would not have witnessed the development of the Curtiss-Wright Corporation, the Chrysler Corporation, United States Steel Corporation and other great enterprises which are today producing the materials with which we are going to win the war.

Let me point out that the effects of this capital gains tax extend far beyond the securities markets. The capital gains tax hits every land owner and every businessman who makes a capital investment of any kind. The chilling effect of the capital gains tax is as great on the price of farmlands and other real estate as it is on securities listed on the New York Stock Exchange.

I earnestly believe that the good which will come to the country as a whole from a lowering of the present capital gains tax will far exceed any benefit which our securities markets may derive, and that much more revenue will be realized in the aggregate from a lower tax than from the present one whose principal effect, as I see it, is to destroy incentive.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on March 23 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated March 25 and to mature June 16, 1942, which were offered on March 20, were opened at the Federal Reserve Banks on March 23. The following details of this issue are revealed:

Total applied for___$512,778,000
Total accepted _____ 150,262,000

Range for accepted bids (excepting two tenders totaling $135,000):

High—99.981. Equivalent rate approximately 0.082%.

Low—99.949. Equivalent rate approximately 0.221%.

Average Price 99.953. Equivalent rate approximately 0.203%.

(39% of the amount bid at the low price was accepted.)

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8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£98,263,226
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital ________ £8,780,000
Reserve Fund __________ 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1941 _________£150,939,354
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Oppose More Government Capital For Land Banks

Increasing Government ownership in Federal Land Banks would reduce farmer ownership and would weaken and ultimately destroy "the cooperative basis of the Federal land bank system and substitute socialized credit for co-operative credit," according to William I. Myers, former Governor of the Federal Land Bank System.

Mr. Myers, now a professor of Farm Finance, at Cornell University, Ithaca, N. Y., testified on Mar. 10, before the Senate Banking Committee in opposition to a farm bloc-sponsored bill generally reorganizing the Land-Bank system and other Government farm financing processes and readjusting elements of the Federal Farm Mortgage Corporation.

Commenting on a provision increasing Treasury contribution to the land bank system by $100,000,000, Mr. Myers said he knew no justification for this and that instead the Land Banks should repay to the Treasury any capital "that can be spared without detriment to their safety and effective operation," according to the Associated Press.

Utilities Look Good

Edward D. Jones & Co., members of the New York, St. Louis and Chicago Stock Exchanges, 705 Olive Street, St. Louis, Mo., have issued a memorandum containing comparative figures on a selected list of utility operating company preferred stocks, which offer, the firm believes, attractive yield possibilities. Copies of the memorandum may be had from Edward D. Jones & Co. upon request.

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The Securities Salesman's Corner

Something To Do When The Investing Public Is On The Sidelines

During the past few years there have been periods when markets have become stagnant and public interest in the purchase of securities has been at a very low point. Sometimes these "blank spots" have lasted from a few weeks to as long as several months. Their blighting effect upon sales volume is well known to most investment firms—especially since overhead continues regardless of whether orders come in or not.

When the future is beset by uncertainties and when trading dries up to a mere trickle it is only human for the public to look for a "storm cellar." Usually this consists of doing nothing at all until skies are clear again. Under such conditions the most efficient sales organization finds it difficult to sell securities.

Though there are many disadvantages attached to the business of dealing in securities there are certain peculiar advantages which this business enjoys over many others. Not the least, is that it is possible to "Buy" as well as "Sell" and in either case realize a profit. This advantageous opportunity of turning from a "seller" into a "buyer" can be very helpful in keeping business going ahead during these periods when fear is in the saddle and the average investor is thinking of everything else except assuming additional capital risks.

If we analyze the reasons for the public's lack of interest in buying securities during these stagnant periods, we can readily see that the answer is simply—fear. Since people are human beings they act emotionally and the most fundamental reaction to uncertainties is of course, inaction. Now, when such a condition exists, the public is phychologically conditioned for "selling" the securities they already own rather than for "buying" more. Again, as every competent manager of investment accounts already knows, it is just as important for an investor to sell out weak situations as it is for him to purchase sound investments in the first place.

Why not then, when "fear" is in the saddle, take the line of least resistance, and go out and suggest the sale of weak holdings by your clients. They will benefit from a constructive suggestion and a commission is still good for bread and butter, no matter if it is earned on the "buy" or the "sell" side of the market.

An alert organization will find many variations of this "go out and buy technique." Here are a few old stand-bys that might be used as illustrations of what could be done.

1. Study individual lists of holdings in the files. Cull out the weak sisters. Find particular spots where future troubles might present additional difficulties. (Example) A company engaged in Latin-American trade might lose its shipping facilities, etc. Call to the attention of holders of this security — present case — suggest sale.

2. Procure a bondholder's or stockholder's list covering a situation that is a good "sale" or "switch." Pick out the weak spots. Dramatize them in a pre-mail campaign and follow with personal call. Suggest sale.

3. Trade out small unimportant "unlisted" into a big name "listed." Although no commission is earned on the General Motors, Standard of Indiana or "what have you" (unless you are a member firm, of course) but the suggestion of a reinvestment into a major situation is helpful in consummating the sale. Confidence is created and the investor can visualize the maintenance of his regular income.

NASD Surveys Members On Business Methods

The National Association of Securities Dealers, Inc., has sent an extensive questionnaire to its members inquiring into their capital accounts, methods of handling customers' cash and securities, ways of confirming transactions, total business transacted and information regarding personnel. Regarding the survey, the New York "Herald Tribune" of Mar. 18 said:

> The study of the capital strength of the 3,000 members and the way they do business is being undertaken by the Business Conduct Committee of the Association on a nationwide basis. Charged with the responsibility for policing investment bankers, dealers and brokers, the Association will use the information gained by the questionnaire to determine whether a field investigation of members "was desirable or necessary in individual cases." Beyond that immediate purpose, the questionnaire, it appeared to the Street, would yield the most comprehensive data yet obtained on the capital strength of members. Replies to the questionnaire were requested not later than April 15.
>
> The questions asked of members by the Association might be said to fall into three large classifications. First, members were asked for data on their capital and whence it was derived, business volume and liabilities to customers. Second, they were asked to supply information on their ways of doing business. Third, they were asked to give information about partners or officers and salesmen and traders.

To further show the extent of the information sought in the questionnaire the account in the "Herald Tribune" went on to say:

> Members were questioned about the previous business connections of salesmen and traders and the method by which each was compensated.
>
> As to the questions about capital, incorporated members are asked the amount of their capital, surplus and corporation investments; the net balances in corporation investment and trading accounts and classifications of stock. Members who do business as individual proprietorships or partnerships are asked whether their capital contributions represent assets of partners or whether they are the result of borrowing by partners. These members are asked to give the details of capital contributions, including subordination agreements, etc.
>
> Information is sought also about members' bank balances, balances in accounts with other dealers, money borrowed, securities borrowed, securities lent, failures to deliver or receive securities, the total amount owed by members to customers in whose accounts the market value of the securities is equal to or greater than the debit balance, the total amount owed to all customers in whose accounts the market value of securities is less than the debit balance, the total funds deposited with members by customers to secure when issued contracts, total free credit balances. Under the heading firm accounts, members are questioned about net balances in general partners' investment and trading accounts and drawing accounts and net balances in firm investment and trading accounts as well as about undistributed profit and loss accounts.
>
> In the matter of commitments, members are requested to list separately in a schedule any contingent assets, liabilities and accountabilities which are not included in a ledger accounts. The items of this nature are described as lawsuits pending against members, accommodation indorsements, rediscounted notes, guarantees of accounts of others, participations in joint accounts carried by others, etc.
>
> As for ways of doing business, the questionnaire seeks information about the books of account and records are currently kept, whether members segregate into safekeeping customers' fully paid securities and how any such segregation is handled. The same question is asked about segregation of free credit balances of customers.
>
> Members are asked whether they act as agent or as principal in transactions with customers in securities which they buy or sell on a registered exchange of which they are not members. If over-riding commissions are charged in such transactions, a schedule of the commissions is sought. Exact copies are sought of confirmations sent out by members on actual transactions in which members buy or sell securities from customers as principals or agents.

According to the "Herald Tribune" the staff of the Association plans, from the information gained in the questionnaires, to call to the attention of members "minor or routine matters which do not seem to conform with Federal and State regulations and Association rules."

Comment on the questionnaire appeared in our March 19 issue, page 1131.

Matson At Merrill Lynch

(Special to The Financial Chronicle)

SANTA MONICA, CAL.—Hays Matson has become associated with Merrill Lynch, Pierce, Fenner & Beane, Bay Cities Building. Mr. Matson was formerly local manager for O'Melveny-Wagenseller & Durst. Prior thereto he was with Commonwealth Investment Co. of Los Angeles and was sales manager for the North American Securities Co. of San Francisco.

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Investment Trusts

For a sound discussion of war-time investment nothing can be more highly recommended than the March issue of "Perspective," the monthly economic letter issued by the Investment Management Department of Calvin Bullock. The full text should be read and studied. Unfortunately space permits reprinting only a portion of the conclusions:

"While corporate earnings may decline somewhat further after 1942, we shall be approaching a point of stabilization after taxes reach their practicable maximum. We should not disregard the important fact that excess profits taxes place not only a ceiling above earnings for those companies that have reached the upper tax brackets, but also a floor below the earnings of these companies. After the current period of readjustment, therefore, excess profits taxes will tend to lend an element of stability to corporate earnings during the war period.

"We believe that with a more sanguine view of the future, the urge for income will tend to narrow the present wide spread in yield between high-grade bonds and common stocks. To the question, 'Can common stock prices rise against an earnings decline?', it is submitted that they have fallen steadily for the past two and a half years in the face of a pronounced earnings rise.

"We must also set up as major premises of policy conclusions with respect to the shape of things to come after the war as well as the extreme economic dislocations that will be caused by war controls. The period immediately following the war is likely to be one of painful readjustment involving the liquidation of heavy inventory positions and, of course, the disemployment incident to a transition back from a war to a peace economy. Some of our present war industries will then undoubtedly find themselves with an enormous excess of capacity and may suffer the profitless competitive conditions created by overcapacity. We believe, however, that the post-war period, while it may be marked initially by a sharp decline in industrial activity, will thereafter be one of unprecedented prosperity, as we shall then have an enormous dammed-up demand for all kinds of civilian goods, a shortage of capital in many important economic areas, and the opportunity to undertake the major share of world-wide economic rehabilitation, if we have statesmanship equal to our opportunity.

"We believe that the average investor is justified, on the basis of the foregoing conclusions, in placing major emphasis on common stock investments at present price levels. In the selection of common stocks we believe that consideration should be given those industries which are engaged in war production, since only they are assured of favorable priorities treatment and as they are steadily increasing their earnings before taxes, they may suffer comparatively small diminution in earnings after taxes. However, we should select only those war industries whose stocks are selling in a reasonable relationship to what can be regarded as normal earning power. Many war stocks that are currenly selling at only about three times earnings must nevertheless be regarded as a hazardous speculation since they are selling at thirty or forty times normal earning capacity."

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Investment Company Briefs

During the month of February, radical portfolio changes were completed in the National Preferred Stock Series, according to recent notice from the sponsors. These changes have put this Series on a war footing while retaining the important earnings criteria to make it attractive to the income buyer. Twelve new issues recently added to the Eligible List have been bought for the portfolio, replacing a like number that have been eliminated.

The sponsors believe that the selection of these particular issues, plus the characteristics of preferred stocks, assures an ample tax shelter to shareholders of National Preferred Stock Series.

The generous yield from current dividend rates, plus extras expected from arrearage on many issues, should make this Series attractive to many investors both from the standpoint of income and profit probability. This arrearage "extra" is a feature not found in discount bonds and should eventually be capitalized marketwise, according to the sponsors.

* * *

At the close of Feb. 28, 1942, the American Business Shares portfolio was diversified as follows:

Common stocks—		
Industrials	42.5	
Rails and rail equipment	8.2	
Utilities	3.2	
		53.9
Preferred stocks		4.7
Bonds—		
Industrials	1.9	
Rails	9.4	
Utilities	3.8	
Government bonds	20.5	
		35.6
Cash and other net assets		5.8
		100.0

"Portfolio operation during February showed itself in most sections of the portfolio, but perhaps the eye is first caught by the increase in government bond

(Continued on page 1232)

Municipal News & Notes

Approximately 37% of the $18,716,000,000 in State and local government long term interest-bearing securities outstanding as of June 30, 1941, will be retired by 1950, according to estimates by the Commerce Department, Bureau of the Census.

Short term debt—loans to be retired within one year of issuance—amounted to $1,144,000,000.

With the addition of these loans, scheduled retirements of the $19,860,000,000 gross volume of State and local government interest-bearing securities outstanding as of June 30, 1941, including short and long term obligations, will amount to $8,147,000,000, or 41%, by June 30, 1950, this latest study of scheduled maturities showed.

Analysis of available maturity data pertaining to the $18,716,000,000 State and local government long term bonds—all interest-bearing term and serial obligations—indicates that $3,535,000,000 will be retired by June, 1945.

Cumulative maturities will amount to 56% by 1955, 70% by 1960, 89% by 1970, and 99% by 1980.

A "relatively small" amount of debt is not scheduled to be retired until the five-year period ending on June 30, 1995.

The figures do not make allowance for possible redemption of optional or other callable bonds prior to the regular maturity dates.

Estimated Interest Payments on Municipal Debts

The Census Bureau also reports that an estimated $774,000,000 was was paid out in interest on State and local government securities during the 1941 fiscal year.

Cited as due to "the low interest rates prevailing in recent years," the total governmental interest payments —State and Federal — increased only 30.6% above corresponding interest costs for 1932, in contrast with the 77% increase in total public debt for the nine-year period ended June 30, 1941.

Including the $1,111,000,000 interest payments on the Federal public debt the aggregate interest payments on all public debt amounted to $1,885,000,000, or an equivalent to $14 for each citizen, the Bureau said.

Municipal Economy Deemed Essential

There seems to be a division of opinion as to the proper course for the States and municipalities to follow in the matter of taxation just now. Mr. Marriner S. Eccles, the Chairman of the Federal Reserve Board, insists that since heavy taxation drains off consumer purchasing power and thus militates against inflation, the States and municipalities ought not to reduce taxes. Chairman Doughton of the Ways and Means Committee contends, on the other hand, that since the Federal Government is hard put to it to find war revenues, States and municipalities ought to smooth the Federal path by cutting their own levies wherever possible.

As between these two points of view, we prefer that of Mr. Doughton. It may be advisable on general grounds for the States and localities to accumulate surpluses now in order to buttress their own financial position against the vicissitudes of the post-war readjustment. But the Eccles' idea that States and cities should tie their finances to the Federal juggernaut seems rather extreme, to say the least. States and cities had best look to their own interests and take whatever steps a prudent consideration of those interests may require.

Expanded employment and improved business conditions are curtailing expenditures of most State and local governments. While the curtailment of non-essential outlays is usually far slower than might be desired, most State and local governments report a steadily improving relationship between revenues and expenditures. Inability to construct public works not related to war and normal repayments of outstanding debts will reduce interest payments also.

One of the dictates of prudence just now is economy in all ordinary State and local expenditure. Whatever one may think about State and local taxes, no one ventures to challenge the idea that expenditures should be reduced.

Considerable Municipal Financing May Develop

Considering the statements set forth above, it would appear illogical that financing by States and cities during the most of the next few years will amount to anything sizable. However, there is a segment of the municipal community which holds that it may come to pass that many millions of dollars in deficit-funding, refunding of maturities and tax anticipation borrowing will have to be done by the policital subdivisions before peace reigns again.

As previously mentioned, the States and local units are going to find their sources of revenue sharply curtailed for the duration. In the absence of adequate additional sources of funds, we can expect deficit-funding through rather extended borrowing and refunding of heavy bond maturities. The ever-present possibility of local tax delinquencies will probably serve to bring about considerable borrowing against uncollected taxes.

A. F. of L. Opposes Federal Tax Proposal

The opposition to the proposal to subject outstanding, as well as future, issues of State and municipal bonds to Federal income taxes, as constituted by officials of State and local political units, has been augmented by the American Federation of Labor. Interesting as was the A. F. of L.'s comprehensive statement last Friday before the Ways and Means Committee on the general tax program, the part that attracted most attention in the municipal bond crowd was the opposition expressed to the Treasury's attempt to reach State and municipal bonds in its search for new taxes.

"To preserve the sovereignty of our several and separate State governments and the home-rule of our cities, the credit and borrowing capacity of our several States and political subdivisions should be taxable only by their respective States," the labor body held.

The union went on record against the efforts to tax even future issues of States and cities, but recognized the right of the Federal Government to make the interest on all future issues of Federal bonds subject to Federal income taxes.

States Face Gas Revenues Replacements

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With gasoline rationing now effective in 17 Eastern Seaboard States and two Pacific Coast States, the question again has been raised of how the various States will meet likely curtailments in yields from gasoline taxes. Several States are said to be considering increasing their gasoline tax.

The group of States now under rationing impose gasoline taxes ranging from 3 cents a gallon to 7 cents, although the latter rate is in Florida, only a part of which comes under rationing. The importance of the gasoline tax in the revenues of these States is shown by the fact that in the 1940 fiscal year the gasoline tax accounted for from 17.78% to as much as 49.46% of total revenues.

Highway and Bridge Bonds in the War Years

Welsh, Davis & Co., 135 South La Salle St., Chicago, Ill., have prepared a bulletin analyzing the extent and effect of war measures on the revenues available for debt service, the risk of damage to the projects from bombing, sabotage, etc., and the insurance protection provided against such risks, cash reserves now on hand and the outlook for continued bond service during the war and after. An interesting and informative circular, available upon request.

Cochran Bill Receives Tentative Approval

The House Ways and Means Committee has reported favorably the Cochran bill to exempt defense contractors from many State and local taxes. Strenuous opposition to its approval by Congress has been registered by various civic bodies as definitely curtailing greatly needed State and municipal revenues.

Senator Raymond E. Willis of Indiana, remarked in part, as follows on the proposal:

We are completely out of sympathy with the obvious endeavor of the Federal Government first to siphon away the State's legitimate income and then later to offer us paternal Federal assistance when we are in the red. We can not look with favor upon any potential precedent which threatens Federal interference with the rights of States to levy their own taxes for their own purposes without Federal direction.

Interrelationship of Local Units Stressed

Local government officials will be interested in the following by Simeon E. Leland, Chairman of Economics of the University of Chicago, in the current issue of "State Government":

"Events of the last 26 months make it necessary to examine the subject of intergovernmental fiscal relationships in a new setting. The relationships are the same relationships as before but the stage and the scenery surrounding them have changed. The Nation is now engaged in a mighty effort to divert its resources and available man power to defense. So starkly have these changes impressed themselves upon us that the probability of sensing the shortcomings of the traditional arrangements between our various governments has increased. Some matters once vague may now seem obvious to those who will but hastily reflect upon the situation in which some governments now find themselves. Critical conditions sometimes produce solutions for old problems. Without creating such expectations now, it may not be too much to hope that the old dilemmas may be thrown before us in bold relief.

"It is impossible, moreover, to discuss State-local fiscal relationships apart from the relationships of these units to the Federal Government and of the Federal unit to them. The problem is completely intergovernmental and does not affect merely the lesser units in the political hierarchy nor only the predominant governments—it affects them all. One reason for the recurrence of both political and fiscal difficulties among governments is the assumption that their affairs, their powers, their duties, their finances are not interrelated."

Frisco Plans Defense Bond Issue

Tired of waiting for the Federal Government to chip in on the cost of its civilian-defense program, San Francisco expects to ask its voters early next June to approve a bond issue of $3,000,000 to $5,000,000 with which to buy fire engines, rescue trucks, control cars, steel helmets, protective clothing and other items deemed immediately essential to prepare the city for anticipated air attacks.

That $3,000,000 to $5,000,000 represents outlay for equipment only. In addition, the city plans to spend about $1,250,000 on the operation of its civilian defense system. These operating costs alone will add 17 or 18 cents to a municipal tax rate which now stands at $4,396. The entire bill may add as much as 35 cents to the present rate.

Market Exhibits Firmer Trend

A broadening of activity and a firming trend in prices developed in the municipal market last week, contrasting with the stalemate in both trading and prices which has generally prevailed since the Secretary of the Treasury's attack on tax exemption late in January.

On the other hand, early this week those obligations outstanding against toll bridges, tunnels and the like were marked down. The setbacks for the so-called revenue issues followed publication of reports emphasizing factors likely to restrict vehicular bridge and tunnel income.

It was emphasized, for example, that tire and gasoline rationing apparently foreshadowed reduced revenues for projects such as those operated by the Port of New York Authority, the Triborough Bridge Authority, and the Pennsylvania Turnpike.

The better feeling in the general municipal market was reflected in the clearing out of several accounts which only recently came on the market. Reported cleared out by the week end were the Harris County, Houston and Hartford Metropolitan District accounts.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

March 26th (Today)

$901,000 Cleveland, Ohio

Last July this city awarded a larger issue to a syndicate headed by the First National Bank of Chicago. Runner-up in the bidding was Lehman Bros. of New York, and associates.

March 30th

$1,275,000 Camden, N. J.

Syndicate headed by Stroud & Co. of Philadelphia obtained the award of the bonds offered last November, beating out Campbell, Phelps & Co. of New York, and associates, and several other bidders.

March 31st

$16,758,000 Detroit, Mich.

The city awarded a huge issue last May to a syndicate headed by the Chase National Bank of New York, whose bid topped that entered by the Bankers Trust Co. of New York, and associates.

$530,000 Mount Vernon, N. Y.

This city hasn't sold bonds since September, 1936, that issue going to the Chase National Bank of New York, and associates. Second best bid was submitted by a group headed by Lehman Bros. of New York.

$3,000,000 South Carolina (State of)

In December the State awarded similar long-term certificates to a syndicate headed by Lehman Bros. of New York. Second highest bid was submitted by John Nuveen & Co. of Chicago, and associates.

April 2nd

$600,000 Austin, Tex.

In August, 1940, the previous issue was awarded to a syndicate headed by Harriman Ripley & Co., Inc., of New York. Runner-up was the Northern Trust Co. of Chicago, and associates.

April 9th

$2,950,000 Minneapolis, Minn.

Phelps, Fenn & Co. of New York headed the syndicate which obtained the award of the bonds offered last December. Numerous other bids were submitted for the two portions of bonds offered on the same date.

Investment Trusts

(Continued from page 1231)

holdings to 20.5%. Obviously such holdings are by their very nature temporary in character. Nevertheless, careful reasoning shows why, in February of 1942, this increase was a necessary part of maintaining an ideal portfolio. In part it represented preparation for the new tax bill, which, from the securities point of view, will mean new 'rules of the game' for company earnings. It also reflected a policy of increasing the bond section and decreasing the equity section of the portfolio, although, of course, the ultimate disposition of these particular assets will not be Treasury bonds.

"At the end of February, transfers from the common stock equity to the bond side of the portfolio were within a few percentage points of completion. While conservatism has been emphasized, it should be recalled that neither extreme reduction, nor full investment, in common stock holdings is contemplated at any time under the conception of an ideal portfolio." . . . From American Business Shares "News Letter."

* * *

Early orders have already exhausted the first printing of Manhattan Bond Fund's booklet "An Answer to Today's Problems" which we reviewed in this column two weeks ago. The second edition is on the way.

Says the sponsor—"The booklet's size, style and format represented a new departure and, frankly, we didn't anticipate such an overwhelming response but we're very gratified."

Manhattan Bond Fund has been popular with investors ever since its inception on April 26, 1938. It's growth is shown by the following record:

Date—	No. of Shares Outstanding	Net Assets at Market
July 31, 1938	4,900	$36,014.21
Jan. 31, 1939	109,394	757,312.18
Jan. 31, 1940	609,370	4,056,631.38
Jan. 31, 1941	1,062,478	7,507,227.59
Jan. 31, 1942	1,194,226	8,452,628.08

Latin-American Survey

A survey of timely information on foreign exchange and business conditions in Latin-American countries has just been published by the foreign department of the Chase National Bank of the City of New York for distribution to its customers. Material for this new "Central and South American Financial and Economic Review" was assembled by the Chase, with the assistance of its correspondent banks in leading South American cities.

Our Reporter's Report

(Continued from first page)

bids at noon on Monday, for this issue which is covered by the same covenants as the $80,000,000 marketed last May.

Under the circumstances, it is expected that several banking groups will be in the running. Funds accruing to the company will be used to finance in part expansion of facilities to meet tremendously increased demands in its territory.

Holding Company Issues

Obligations of public utility holding companies have had something of a breathing spell since their sharp declines of several week ago. But the insistence of the Securities and Exchange Commission, as set forth by Chairman Ganson Purcell last week, that they go through with capital structure simplification is not helping their position.

It had been expected that these companies, in view of the abnormal market situation prevailing, and moreover in view of their close surveillance under the law, might be given a respite at least until after the war in which to comply with Section 11 of the Holding Company Act.

It is widely recognized that to force the sale of securities representing control, working or otherwise, in many of their operating properties, would involve real sacrifice for their security holders. But the SEC remains adamant.

Buying Own Securities

Demand which has had the effect of serving to provide certain of these issues with an element of support is reported making its appearance in the market from time to time.

Such buying, though not readily traceable, is regarded as emanating in considerable measure from the issuers themselves.

Perhaps not designed especially as support, but rather intended to take advantage of prevailing levels for picking up such issues, this demand nevertheless has helped to bulwark the securities against the scared selling which had been rapidly whittling away values in several instances.

Celanese Corp. Delays Sale

The Celanese Corporation which has had $7,522,000 of convertible 3½% debentures in registration with the Securities and Exchange Commission has decided to withhold that issue from market for the time being.

In this particular instance, however, it was not a question of market conditions bringing about the decision to delay the sale.

Rather the company's action resulted from the fact that stockholders must be given first opportunity of subscribing to protect them against arbitrary dilution of their interest.

British stockholders, due to prevailing governmental restrictions, it is observed, would doubtless be unable to exercise their subscription rights. and because of the same conditions would have difficulty in disposing of their "rights."

Plan Of Reorganization For Assoc. Gas & Electric

The first plan of reorganization of Associated Gas & Electric Company and Associated Gas & Electric Corporation, prepared by Henry A. Stix, former Vice-President and Comptroller of the two companies, has been submitted to the trustee of Associated Gas & Electric Company and the trustees of Associated Gas & Electric Corporation. The plan has also been filed with the SEC in Philadelphia.

It proposes a compromise of litigation now in process for several months testing the validity of a plan of rearrangement of debt capitalization announced on May 15, 1933, and vigorously carried through by the previous management.

It also proposes a compromise of imminent litigation between Utilities Employees Securities Company (an investment company for Associated employees) and the respective trustees.

The plan provides for the issuance of various series of certificates of indebtedness of the new corporation with varying priorities provisions in the principal amount of $24,500,000. The certificates are to be exchanged for the presently outstanding trustees' certificates of Associated Gas & Electric Corp. 8% bonds, due 1940, and the Utilities Employees Securities Co. obligations.

Common stock of the new corporation will be issued for the debentures of Associated Gas and Electric Company and Corporation at the rate of 1 1/10 shares for each $100 corporation debentures and 1 share for each $100 of company debentures. It also provides for the issuance, as a compromise, of 1/10 of a share to each $100 Associated Gas and Electric Company convertible obligations and convertible debenture certificates. The total shares of new common stock to be presently held by the public will be 2,549,550 shares.

The plan deplores the necessity for the formation of a new corporation, instead of distributing the assets held by the trustees, but points out the impracticability of raising $24,500,000 of cash quickly under present market conditions and depressed values of utility securities.

Sustaining Citizen Morale Is Our Business

Every day last year, Massachusetts Mutual paid $127,000 to policyholders and beneficiaries. These payments, amounting to over forty-six million dollars in 1941 alone, assured daily necessities and, in general, made normal life possible for many families. There could be no better monument to thrift and forethought, than the steady flow of these life insurance dollars to the homes of our country.

The continuing need for protecting home solvency is greater today than ever before. With more life insurance and annuities in force than at any time in its over ninety years of faithful service, Massachusetts Mutual assures financial security for its policyholders and their families.

The morale of our fighting men and our defense workers is sustained by the fact that through life insurance, they were enabled to establish a backlog of security for the home folks. For the same reason, life insurance aids in maintaining the strong citizen morale, so essential to our country's complete victory over the common enemy.

Massachusetts Mutual
LIFE INSURANCE COMPANY
SPRINGFIELD, MASSACHUSETTS

Bertrand J. Perry, President — Organized 1851

TILO

TILO ROOFING COMPANY, INC.

STRATFORD, CONNECTICUT

Tilo Roofing Company, Inc. is one of the larger organizations engaged in the sale and application of roofing and sidewall materials. Its business largely involves the renovation, modernization and improvement of existing structures. Its business also includes the manufacture of asphaltic and asbestos products used for those purposes. As of December 31, 1941, the company's consolidated balance sheet, as audited and presented in the company's annual report to stockholders, shows total assets of $4,285,461.73; total current assets of $3,665,907.64; total current liabilities of $1,484,167.49, and earned surplus of $1,270,003.27.

Condensed Consolidated Statement of Income
Calendar Year 1941

Sales, including gross income from service fees on operations of subsidiary finance company	$4,444,213.40
Cost of sales, including branch office, selling, general expenses, financing charges on accounts assigned and provision for doubtful accounts	3,689,784.58
	754,428.82
Other income	50,965.57
	805,394.39
Other deductions	17,991.09
	787,403.30
Provision for federal taxes on income, including $48,000.00 for subsidiary companies	247,000.00
Net income	$ 540,403.30

Depreciation and amortization was provided during the year 1941 in the amount of $52,033.76 of which $23,670.71 was charged to costs and $28,363.05 was charged to other profit and loss accounts.

Record of Dollar Volume of Net Sales and Earnings

Year	Net Sales	Net Profit after Federal Taxes	Net Earned Per Common Share, Adjusted
1937	$3,985,788	$528,702.00	$1.21
1938	4,050,931	543,693.29	1.25
1939	3,775,524	529,612.11	1.19
1940	4,018,167	526,225.91	1.08
1941	4,444,213	540,403.30	1.10

A copy of the Annual Report, which includes the financial statements of the Company, may be obtained upon request.

Our Reporter On "Governments"

(Continued from First Page)

reason why investors should rush to buy bonds in the open market, therefore, . . . The wiser move is to remain on the sidelines for a few weeks and wait for the Treasury to disclose the terms on its next deal. . . .

Finally, even though the member banks have more than $2,000,000,000 of Treasury funds, any call on the banks' deposits is bound to exercise a dampening influence on their buying inclinations. . . . Even though the banks don't sell, it's unlikely that they'll want to buy many bonds while they're anticipating large drains on their Treasury deposits. . . . Call it psychological—but it's a factor, anyway. . . .

So, the odds are we'll see a dull, quiet market for a while. . . . A pre-financing market in some ways. . . . Just a resting market in others. . . . But any strong move on the upside seems improbable. . . . As for the downside, perhaps we'll see a decline of a few 32nds here and there, but nothing important, say the experts. . . .

The Next Financing

There are two angles to any discussion for the coming borrowing. . . .

(1) The fact that Morgenthau has had no difficulty so far in borrowing billions and that his control of the market has been superb indicates that the choice of the Treasury will be a "regular" open market borrowing—in long-term bonds with no special, special features attached. . . .

(2) The fact that the market has had to absorb so many "ordinary" issues indicates the time has arrived for a change, especially in view of the probability that this borrowing is going to be tremendous. . . . Morgenthau's advisers, then, may be in favor of a "change before one is necessary"—to use the words of one of the major dealers. . . .

The inclination of experts at the moment is to expect no unusual provisions in this next borrowing. . . . They are looking for a long-term issue, though, which may be of some importance in deciding switches over the next few weeks. . . .

And they expect allotments this time will be a lot higher than 35%. . . . They even may go to 50%, some say—and they figure this is not too depressing a prediction. . . . On the contrary, with the total of borrowings going up and the timing of borrowings so clear, it's encouraging to see forecasts of two-times' oversubscriptions, they insist. . . .

Anyway, these predictions might guide you in your subscriptions. . . .

Inside The Market

Even switching activities expected to slow down in coming weeks. . . . Arbitraging and switching will pick up again when the borrowing is out. . . .

No anticipations of any major break in the market. . . . Federal Reserve System and Treasury have it too well under control. . . .

Only praise for activities of Reserve Banks is heard these days. . . . Fact that Reserve Banks sold bonds on rise of last few weeks is considered another indication of system's increasing ability to handle market. . . .

Drop of $46,000,000 in currency in circulation last week, sharpest since January, reflects some payments of taxes with hoarded cash. . . . Contrasts with $15,000,000 rise in currency in circulation on same date a year ago. . . . May indicate hoarding of currency is mostly over. . . .

THE BOND SELECTOR

WALWORTH COMPANY 1st MORTGAGE 4s, 1955

Selling at 86, Walworth Company 1st 4s, 1955, yield 5.55% to maturity. The range in 1942 has been narrow since the bonds now sell at their high of the year, whereas the low point was only 83¼. The price range in 1941 was 87 to 77½. For liberal income and some possibility of price appreciation the bonds are recommended to those who desire a medium grade obligation of one of the country's principal suppliers of industrial fittings and valves.

Walworth Company is the second largest manufacturer of valves and fittings. It also produces a complete line of pipe tools and is engaged in jobbing of plumbing and pipe fitting lines. The company's products include iron, steel and bronze valves, lubricated plug valves, cast iron, malleable iron, steel and brass fittings, chrome-nickel-iron cast pipe, Stillson and Walco pipe wrenches and related specialty products. Chief consumers of Walworth's output are industrial plants, oil and gas and power industries, railroads, the mining and smelting industries, users of marine equipment and the building trades.

At the present time the company is naturally an important manufacturer of materials essential to the war effort. In addition to supplying vast quantities of valves and fittings to the Navy and Maritime Commission for use in the construction and maintenance of naval and cargo vessels, Walworth has received substantial contracts for the manufacture of ammunition components.

Originally incorporated in 1872, the company filed a petition in bankruptcy in May, 1935, which was terminated by a reorganization effected in January of 1936. By the terms of this reorganization, fixed charges were scaled down considerably and since that time earnings have been sufficient to cover interest requirements by a good margin, with the exception of 1938 when sales and profits suffered a severe contraction. The following table shows the company's income account since the reorganization year of 1936:

[000 omitted]

	Sales	Depreciation	Available for Fixed Charges	Fixed Charges	Times Earned	Price Range
1941	$31,485	$502	$5,814	$326	17.85	87 -77½
1940	17,128	441	1,835	338	5.42	21 -56
1939	14,274	438	562	348	1.61	67½-56
1938	10,469	438	1,040*d*	340	3.06*d*	71 -55⅝
1937	16,615	404	1,706	352	4.85	90 -66
1936	13,766	399	875	356	2.46	87 -70

d Deficit.

Due chiefly to the stimulation afforded by the Defense and War programs, Walworth's sales rose 84% in 1941 to $31,485,000 the highest level in the company's history. Income available for fixed charges in 1941 was equivalent to 15% of sales compared to a ratio of slightly more than 10% in 1940. Fixed charges were earned 17.85 times and overall charges, including preferred dividends, were covered 6.42 times; comparable ratios in 1940 were 5.42 and 3.89, respectively.

Capitalization consists of $5,971,000 First Mortgage 4s, 1955, $579,500 Debenture 6s, 1955, $265,000 mortgage notes and lease purchase contracts, 61,912 shares of 6% preferred stock ($10 par), and 1,358,948 shares of common stock. The First Mortgage 4s, 1955, are secured by a first lien on all the company's property now owned or hereafter acquired. Net depreciated property account stands at $7,121,000, so that bonded debt represents 9.6% of such figure and 37% of gross property account. A sinking fund equivalent to 20% of consolidated net earnings is provided for retirement of the First Mortgage bonds. They are callable at par on any interest date on 60 days' notice.

Walworth's working capital position at the end of 1941 was good, net current assets at that time totaling $6,329,000. Cash stood at $854,000, receivables at $4,222,000 and inventories at $6,812,000; total current assets were $11,888,000. Total current liabilities of $5,559,000 included as its principal item $3,395,000 for tax reserves. Net working capital was equivalent to just about $1,000 for each $1,000 of funded debt outstanding.

The outlook for 1942 is for an even greater volume of sales and a concomitant increase in earnings protection for the First Mortgage bonds. For those investors concerned about the serious tax situation affecting equities can turn to these bonds for liberal income and some possibility of an increase in principal value at least for the duration of the war. Since the obligor is engaged in heavy industry, the bonds are not suggested for post-war retention.

Urges End of Double Taxing of Odd-Lots

Legislation which will eliminate the double taxation of odd-lot trading on the New York Stock Exchanges was urged in a letter sent March 21 by the Commerce and Industry Association of New York, Inc., to the legislative leaders of the Senate and Assembly. The letter, which was signed by Laurence Arnold Tanzer, Chairman of the Association's Committee on Taxation, said:

> The evidence is convincing that the heavy taxation of stock transfers has for several years had the effect of driving much business from the State of New York, the reduction in trading being reflected also in losses in real estate values and in other directions. Two years also the Association presented to the Legislature a carefully worked out program for revising the stock transfer tax laws. It is to be regretted that this program was not enacted.
>
> We are convinced it will be possible to enact a law this year ending the double taxation of odd-lot trading. The loss of revenue would not be large and would be offset to a considerable degree, perhaps entirely, by the additional business which would be returned to the State.
>
> We believe that the Legislature should keep constantly in mind the need for still further revisions of the stock transfer tax.

UNION CARBIDE AND CARBON CORPORATION

AND WHOLLY OWNED SUBSIDIARIES
EXCLUDING THOSE OPERATING OUTSIDE THE UNITED STATES AND CANADA

CONSOLIDATED BALANCE SHEET

December 31, 1941

ASSETS

CURRENT ASSETS		
Cash		$ 55,469,516.32
United States Treasury Tax Notes and Accrued Interest		10,020,050.40
Marketable Securities (Cost or Market, whichever lower)		2,565,058.41
RECEIVABLES (After Reserve for Doubtful)		
Trade Notes and Accounts	$ 32,581,433.85	
Other Notes and Accounts	3.546,031.93	36,127,465.78
INVENTORIES (Cost or Market, whichever lower)		
Raw Materials	$ 34,284,327.47	
Work in Process	14,876,258.72	
Finished Goods	12,326,593.62	61.487.179.81
TOTAL CURRENT ASSETS		$165,669,270.72
FIXED ASSETS (Cost or less)		
Land, Buildings, Machinery, and Equipment	$314,548,644.11	
Deduct—Reserves for Depreciation and Amortization	111.425.405.51	203,123,238.60
INVESTMENTS in Wholly Owned Foreign Subsidiaries Excluded from Consolidation (Cost or less)		21,593,292.81
(After eliminating the amount heretofore included in Consolidated Earned Surplus for Wholly Owned Foreign Subsidiaries)		
OTHER INVESTMENTS (Cost or less)		
Affiliated Companies not Wholly Owned—		
In United States and Canada	$ 230,566.17	
Outside United States and Canada	3,392,994.42	
Other Securities	992.824.07	4,616,384.66
DEFERRED CHARGES		
Prepaid Insurance, Taxes, etc.		2,759,836.07
PATENTS, TRADE-MARKS, AND GOODWILL		1.00
TOTAL ASSETS		$397.762.023.86

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable		$ 16,483,130.65
Dividend Payable January 1, 1942		6,958,341.00
Installments due within one year on Sinking Fund Debentures		1,800,000.00
ACCRUED LIABILITIES		
Taxes (Including Income and Excess Profits Taxes)	$ 49,171,340.51	
Interest	235,000.00	
Other Accrued Liabilities	2.200,330.08	51,606,670.59
TOTAL CURRENT LIABILITIES		$ 76,848,142.24
DEFERRED LIABILITIES UNDER GOVERNMENT CONTRACTS		1,094,889.22
FIFTEEN-YEAR, 2½% SINKING FUND DEBENTURES OF UNION CARBIDE AND CARBON CORPORATION DUE SEPTEMBER 1, 1953	$ 28,200,000.00	
Less—Sinking Fund Installments due within one year (provided for above)	1.800.000.00	26,400,000.00
TOTAL LIABILITIES		$104,343,031.46
CAPITAL STOCK OF UNION CARBIDE AND CARBON CORPORATION—9,277,788 shares of no par value not including 136,649 shares held by the Corporation	$192,879,842.43	
EARNED SURPLUS—After elimination of $7,677,310.65 heretofore included in Consolidated Earned Surplus for Wholly Owned Foreign Subsidiaries not consolidated in 1941	100.539.149.97	293.418.992.40
		$397.762.023.86

CONSOLIDATED INCOME AND SURPLUS STATEMENTS

Year Ended December 31, 1941

INCOME

INCOME		$106,759,419.67
Deduct—		
Depreciation and Depletion	$ 13,637,195.86	
Amortization	6,667,578.29	
Interest	771,136.26	
Income and Excess Profits Taxes	43.641.884.66	64.717.794.98
NET INCOME		$ 42.041.624.69

NOTES RELATING TO FINANCIAL STATEMENTS

1—In previous years all wholly owned subsidiaries were consolidated. However, owing to inability to obtain audited accounting statements, it has been necessary to exclude from consolidation in 1941 the assets and liabilities of wholly owned foreign subsidiaries operating outside the United States and Canada. The investment in such subsidiaries, including advances, is stated in the Consolidated Balance Sheet at cost or less. Only that part of the income of such subsidiaries received during the year in dividends is included in Consolidated Income. Unaudited reports covering less than a full year indicate that the income of companies paying such dividends will exceed the amount of dividends paid.

With respect to Wholly Owned Foreign Subsidiaries heretofore consolidated, the amount of $7,677,310.65 previously included in Consolidated Earned Surplus is now eliminated.

2—Current assets, liabilities, and earnings of Canadian subsidiaries consolidated have been converted at the official rate of exchange.

3—Certain raw materials were charged into production on the "last in—first out" method rather than the "average cost" method previously employed. The effect of this change has not been material.

4—Between January 1, 1938, (or date of acquisition, whichever is later) and date of latest reports, which are unaudited, the equity in the net worth of certain affiliated companies carried in Other Investments at $2,627,877.73 increased $666,044.29, of which $332,230.50 is applicable to the current period. No reports are available for 1941 on the remaining affiliated companies carried in Other Investments at $995,682.86.

The Consolidated Net Income does not include any part of the undistributed net income of affiliated companies.

5—The Trustee of the Savings Plan for Employees holds Collateral Debentures of Carbide and Carbon Management Corporation secured by 180,025 shares of stock of Union Carbide and Carbon Corporation under plans for employees. As of December 31, 1941, the assets held by the Trustee amounted to $11,071,121.42 and the unpaid balance of amount borrowed by the Trustee in connection with the purchase of debentures was $4,600,000.00. Union Carbide and Carbon Corporation has agreed to maintain the assets in the Trust Estate at an amount sufficient to repay the indebtedness and permit the distribution of the Trust Estate to the persons entitled thereto.

6—Additional payments (in the maximum amounts acceptable to the Insurance Companies) relating to years prior to July 1, 1937, were made to Metropolitan Life Insurance Company, The Prudential Insurance Company of America, and other insurance companies to apply toward the purchase of Past-Service Annuities under the Employees' Retirement Plan. These payments were charged to surplus. Payments for the purchase of Future-Service Annuities were charged against income.

SURPLUS

EARNED SURPLUS AT JANUARY 1, 1941		$ 95,648,684.98
Add—		
Net Income for year	$ 42,041,624.69	
Cancellation of Valuation Reserve applicable to Marketable Securities sold in 1941	1.284.447.50	43,326,072.19
		$138,974,757.17
Deduct—		
Dividends Declared	$ 27,833,364.00	
Elimination of amount heretofore included in Consolidated Earned Surplus for Wholly Owned Foreign Subsidiaries not consolidated in 1941	7,677,310.65	
Payments on Past-Service Annuities relating to prior years under Employees' Retirement Plan	2,893,633.73	
Decrease in Market Value of Marketable Securities at December 31, 1941	31,298.82	38,435,607.20
EARNED SURPLUS AT DECEMBER 31, 1941		$100.539.149.97

AUDITORS' REPORT

UNION CARBIDE AND CARBON CORPORATION:

We have examined the balance sheet of Union Carbide and Carbon Corporation and its wholly owned subsidiaries, excluding those operating outside the United States and Canada, as of December 31, 1941, and the statements of income and surplus for the year then ended, have reviewed the system of internal control and accounting procedures of the companies (except as noted below) and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

We have reviewed the statements of one subsidiary audited by other independent accountants and have accepted these statements for the purpose of consolidation.

In our opinion, the accompanying balance sheet and related statements of income and surplus present fairly the position of Union Carbide and Carbon Corporation and its subsidiaries consolidated at December 31, 1941, and the results of consolidated operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except as to the change in the basis of consolidation as explained in Note 1 and as to the method of charging certain raw materials into production as explained in Note 3 of notes relating to financial statements. In our opinion, these changes are in accordance with generally accepted accounting principles.

HURDMAN AND CRANSTOUN
Certified Public Accountants

New York, N. Y., March 21, 1942

Established 1856

H. Hentz & Co.

Members
New York Stock Exchange
New York Curb Exchange
New York Cotton Exchange
Commodity Exchange, Inc.
Chicago Board of Trade
New Orleans Cotton Exchange
And other Exchanges

N. Y. Cotton Exchange Bldg.
NEW YORK

BOSTON CHICAGO DETROIT
PITTSBURGH
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LAMBORN & CO.
99 WALL STREET
NEW YORK CITY

SUGAR

Exports—Imports—Futures

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Tomorrow's Markets Walter Whyte Says—

(Continued from page 1229)

taxes is it's major worry. I think it's war.

* * *

It is all well and good to read crowing headlines about minor victories against the Japs. The fact is that the market is not trying to gauge minor armed skirmishes. It is interested in the more basic underlying factors that make up the framework of our social and economic structure and by the same token indicate the continuance, the good and poor action, of our stock market.

* * *

Don't misunderstand me, I don't say that taxes are unimportant (I haven't gotten over the shock of paying the last one yet) but alongside the bigger problems brought on by the war, taxes pale into insignificance. Sure, I know, that when tax time comes around, and when and if you make a little money, the government comes along and says: "Kick in with 60%," you don't think it is unimportant—not by a long shot. Yet, this is a personal application and whether we like it or not, all personal feelings will have to be submerged in the more important effort to win this war.

* * *

Having gotten this off my chest, I'll now go back to the stock market. As this is written, action is practically non-existent. Still most of the averages are a couple of points above their recent lows. Now anybody who follows stock market technical indications, knows the trend is down. I don't think you will find much disagreement on this point. But the important thing is whether or not the recent action indicates a nearby turn. Before saying any more, let me hasten to add, that such a turn is indicated.

* * *

Stocks have now gotten themselves into a corner and any external stimuli may knock them out of their rut. How far and how long such a rally can last, is beyond my ken. If I were badgered into answering, I would say that a move, of say, 2 to 3 points, is not improbable; that would be the most I could see. On the other hand, down markets are all too often fed not by good, but by bad news. So what may start off like just a temporary reaction can easily develop into something else.

* * *

I know that all this leaves you at sea. Still it is better to conserve your speculative cash until clearer signals are given than dive in now, just because they "look" cheap. Cheapness is a relative term anyway. I have often found a stock cheap, at say 50, and the same stock expensive at 10. So hold your ammunition. I may have better things to say next week.

* * *

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of Rawson G. Lizars to A. A. Mol, formerly a partner in Granberry & Co., New York City, will be considered on April 2.

Transfer of the Stock Exchange membership of Howard Crosby Foster, deceased, to William B. Anderson will be considered on April 2.

Frederick W. Pelzer, New York City, died on March 18.

Lawrence Howe, partner in Shearson, Hammill & Co., New York City, died on March 17.

Frances O'Connor, a partner in Winsolw, Douglas & McEvoy, New York City, died on March 17.

Interest of Samuel N. Goldberg, deceased, in Sutro Bros. & Co., ceased as of March 11.

Treasury To Offer Ctfs.

The Treasury plans to offer in April two issues of certificates of indebtedness, Secretary Morgenthau announced on March 22. This is the first time since 1934 that this type of security—limited by law to one-year maturity—has been offered. It was explained by Secretary Morgenthau that the new certificates will be redeemed in cash at maturity and will carry no exchange privileges. The first offering is expected to be made during the week of April 7.

Mr. Morgenthau said that these short-term securities would provide a greater fluidity to the money market and would also satisfy the demands of those business firms which prefer a short-term marketable security with an interest coupon to discount securities such as Treasury bills.

Put & Call Brokers Announce Nominees

The nominating committee of the Put & Call Brokers & Dealers Association, Inc., New York, which is headed by Charles E. Treloar, has presented the following slate of officers and directors for the ensuing year: President, Sidney D. Harnden; Vice-President, Max Hesslein, and Secretary, Charles S. Godnick. The annual meeting of the association will be held on April 21. In addition to the above directors, Paul A. Karp and Alexander Feder will serve as carryovers on the board.

Bond Clerks of NYSE Firms Join Independent Union

Bond clerks employed by New York Stock Exchange member firms have selected the independent association of Telephone Bond Clerks as their sole bargaining representative in an election held by the National Labor Relations Board. After certification of the organization by the Board, after a consent vote is taken, the bond employes will be recognized union men. This is the first time in history that union employes will work on the floor of the Exchange.

J. Lein & J. Berkowitz To Form J. P. Lein Co.

John P. Lein, member of the New York Stock Exchange, and Jay J. Berkowitz are forming John P. Lein & Co., as of April 2. Offices of the new firm will be located at 120 Broadway, New York City. Mr. Lein has recently been doing business as an individual floor broker; prior thereto he was a partner in John P. Lein & Co. and Harrison & Lein.

Interesting Situation

The current situation in securities of the St. Louis Southwestern Railway Co. offers attractive possibilities, according to a circular just issued by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be had upon request from Pflugfelder, Bampton & Rust.

Thomson & McKinnon Moving To New Office

CHICAGO, ILL.—Thomson & McKinnon, who have been in the Board of Trade Building since 1930, will move to new quarters at 231 South La Salle Street, on or about May 1. The new offices, which will be on the seventh floor, are now being made ready and will occupy over 7,500 square feet of floor space.

In Armed Forces

Ralph de Pasquale of Clark, Kohl & Eyman, 55 Liberty Street, New York City, is entering the armed service.

J. Smith Ferebee of Chicago, well-known in La Salle Street circles, has reported for active duty as a Lieutenant with the Chicago Naval Aviation cadet selection board.

If you are entering the armed services, will you kindly send particulars to the Editor of the "Financial Chronicle" for publication in this column.

Hirshon Admitting Crowley

William J. Crowley will shortly be admitted to partnership in Hirshon & Co., 31 Broadway, New York City, members of the New York Stock Exchange. It is proposed that Mr. Crowley act as alternate for Walter Hirshon, the Exchange member of the firm, on the floor of the Exchange.

UP-TOWN AFTER 3

MOVIES

"Bedtime Story" (Columbia), Loretta Young, Frederic March, Robert Benchley, Eve Arden, Allyn Josleyn, and others. Directed by Alexander Hull. . . . A lightweight yarn about an actress (Loretta Young), who Tired of It All, wants to give up the stage and retire to a life of bucolic contentment, say on a Connecticut farm. Playwright husband (Frederic March) has other ideas. He is busy writing the Great American Play in which he wants her to star. So she ups and leaves him, tells her troubles to a Reno judge and then remarries. The rest of the picture concerns itself with the not too original efforts of ex-husband to win her back. If you know your movies you know she is finally won over. One scene, the last, is actually hilarious. The rest are just run of the mill. By the way, title, "Bedtime Story," has nothing to do with the plot. It's like they say in the movies, "Any resemblance is purely coincidental." . . . **"Yokel Boy" (Republic), Albert Dekker, Joan Davis, Eddie Foy, Jr., Alan Mowbray, and others. Directed by Joseph Santley.** . . . From the home of B pictures comes this amusing satire of life and business at the mythical Mammoth Film Studios and how pictures are produced. It all begins when the studio's dynamic press agent hires an "idea" man whose only qualification is his world record for movie attendance. The "idea" man's first task is to choose the feminine lead in a forthcoming gangster super-super production. He picks the niece of the executive producer, a choice which makes every ranking star leave the set. So Joe (that's the idea man, played by Eddie Foy, Jr.), is chosen a committee of one to go to Chicago and hire a notorious gangster, Buggsy Malone, to come to Hollywood and play the title role. From there on the pace increases and at times becomes really funny. Naturally slapstick is the order of the day but even that can be amusing if it isn't painted on with too thick a brush. In any case, "Yokel Boy" is almost good enough to stand on its own merits without depending on a double feature.

RESTAURANT

Like Abou Ben Adhem the **Colony Restaurant (61st & Madison)** leads all the rest. When you eat there you eat at the finest restaurant in New York. Because of mundane things like expense I'm really an Automat man. But no cashier, checker or busboy ever stepped at the Automat to tell me her (or his) momma done tol' her that Smith was a hell of a guy. Here at the Colony it's different. I'm not only a man about town but everybody knows my name. And if you don't think that makes one feel six feet tall—brother think again! Even Barbara Boston, she's the lifted pinky scribe for the "Daily News," stopped doing wacky things with her fingers long enough to wave to me. And Ray Bolger, he's that tall lanky chap who does impossible things with his legs, turned around and waved too. (By the way, Ray, how's about a couple down front in your show? Or ain't ya workin'? And if you ain't what are you doing at the Colony?) Of course, all this attention may have come my way because of Mlle. Piccard of the stratosphere Piccards. But I refuse to shine in anyone's reflected light. Even a blonde's. Of course, no mention of the Colony is complete without its owner, Gene Cavallero, he of the striped pants and cutaway shielding an ebonpoint that has always been the hallmark of a genial boniface. But don't let Mr. Cavallero's impressive demeanor scare you. For despite his J. P. Morgan appearance Gene is an easy chap to get along with. I never knew anybody who knows so many grand dishes. Do you want ambrosia and nectar?—whatever that is—visit the Colony and ask Gene to whip up a mess. I'll bet he knows.

NIGHT CLUBS

If you visit some of the New York night spots you'd never think there's a war going on. They are that jammed. **Billy Rose's Diamond Horseshoe (W. 46th)** is one of them. Last week it celebrated its anniversary (fifth, I think) and as usual the noise was terrific. It's hardly the place to go to have a quiet conversation. However, the entertainment makes up for it. Famous movie and stage names of another day are flanked by pretty show girls of today in a presentation that receives lots of applause. The place is decorated in the garish motif of the gay nineties and the tunes the band plays and the songs heard are mostly of the period, a condition that brings nostalgic tears to many a celebrant's eyes. . . . Another spot that seems to be doing well is **Cafe Society Uptown (E. 58th).** Originally the home of boogie-woogie and intended to satirize cafe society it has become its favorite. The show here is always good. Right now it has Kenneth Spencer, of whom Lawrence Tibbett said, "He has one of the most beautiful voices I have ever heard." Spencer looks like Robeson; even sings like him. Then of course, there is Hazel Scott, who does things to the classics you'd never believe possible, and Joe Sullivan, piano-composer, who is something of a legend among musicians.

Chicago Club Welcomes Seven To Membership

CHICAGO, ILL.—At a luncheon meeting of the Bond Club of Chicago, Edward C. George, President of the Club, introduced seven new members: John William Allen, A. C. Allyn & Co., Inc.; William Lawlor, Hickey & Co., Inc.; George Gruner, Lee Higginson Corporation; Lloyd Jammer, R. S. Dickson & Co., Inc.; Homer P. Hargrave, Merrill Lynch, Pierce, Fenner & Beane; Robert M. Sproat, Smith, Barney & Co.; and Burt J. Dickens, Jr., McGraw & Co.

Guest speaker at the meeting was Frank Smothers, foreign correspondent.

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GENERAL FOODS CORPORATION AND WHOLLY OWNED SUBSIDIARY COMPANIES IN THE UNITED STATES AND CANADA

COMPARATIVE CONSOLIDATED BALANCE SHEET DECEMBER 31, 1941 AND DECEMBER 31, 1940

ASSETS

	Dec. 31, 1941		Dec. 31, 1940 (Note 1)	
CURRENT ASSETS:				
Cash		$ 7,500,154		$14,191,972
Accounts and notes receivable:				
Customers' accounts	$12,415,388		$11,356,690	
Miscellaneous, including deposits and working funds	1,711,694		1,096,828	
Notes, drafts, and acceptances receivable	198,197		189,152	
	$14,325,279		$12,642,670	
Less—Reserve for discounts and for doubtful accounts and notes	316,397	14,008,882	358,512	12,284,158
Inventories, at cost or market, whichever is lower:				
Raw materials	$37,245,715		$18,571,596	
Finished and semifinished stock	18,244,089		13,406,435	
Supplies	1,740,821	57,230,625	886,133	32,864,164
Total current assets		$ 78,739,661		$59,340,294
OTHER ASSETS:				
Investments in and advances to subsidiary companies (not consolidated) at proportionate amount of book value of net tangible assets:				
Domestic companies, less reserve of $168,106 (158,317 in 1940)	$ 658,114		$ 676,544	
Great Britain and Philippine Islands companies	894,980		753,995	
Loans to employes	87,446		99,466	
Investment in The Best Foods, Inc. (29% of capital stock)	3,149,776		3,149,776	
Other stocks and bonds, at cost, less reserve of $450,000 ($402,000 in 1940)	528,933		270,297	
Balances in suspended banks, less reserve of $144,000	31,318		36,593	
Long-term notes and accounts receivable, less reserve of $136,000	567,585	5,918,152	956,173	5,942,844
PROPERTY ACCOUNTS:				
Land, factory sites, etc	$ 3,700,011		$ 3,826,409	
Buildings, docks, etc	16,673,519		16,421,422	
Machinery, equipment, motor trucks, vessels, etc	38,158,374		34,462,705	
	$58,531,904		$54,710,536	
Less—Reserves for depreciation	25,863,944	32,667,960	24,227,764	30,482,772
(Properties are stated at cost, excepting certain properties appraised at sound values in 1916 and 1926; the balance at Dec. 31, 1941, of the appraised values in excess of cost, not yet covered by depreciation was $840,583—$882,564 in 1940.)				
TRADE-MARKS, PATENTS, AND GOOD WILL...		1		1
DEFERRED CHARGES TO OPERATIONS:				
Prepaid advertising expense and supplies	$ 554,028		$ 477,345	
Prepaid insurance premiums and other expenses	654,826		709,450	
Purchase contract rights—balance unamortized	230,735	1,439,589	255,238	1,442,033
		$118,765,363		$97,207,944

LIABILITIES

	Dec. 31, 1941		Dec. 31, 1940 (Note 1)	
CURRENT LIABILITIES:				
Notes payable to banks	$ 4,500,000			
Acceptances and drafts payable	127,995		$ 82,987	
Preferred dividend payable	168,750		168,750	
Foreign drafts discounted	36,561		65,311	
Accounts payable	9,066,630		4,637,458	
Accrued expenses	464,484		399,238	
Salaries, wages, etc., payable and accrued	1,271,624		1,247,931	
Accrued taxes	1,261,193		975,635	
Federal and foreign income taxes	13,087,800		5,325,828	
Total current liabilities		$29,985,037		$12,903,138
RESERVE FOR CONTINGENCIES		1,971,212		471,212
CAPITAL STOCK AND SURPLUS:				
Preferred stock:				
Authorized—350,000 shares without par value				
Issued—150,000 shares $4.50 cumulative preferred (involuntary liquidation preference $100 a share)	$15,000,000		$15,000,000	
Common stock:				
Authorized—6,000,000 shares without par value				
Issued—5,359,751 shares	48,402,798		48,402,798	
(Including 85,778 shares held by a subsidiary company for conversion of its Class A stock in hands of public.)				
	$63,402,798		$63,402,798	
Earned surplus, statement attached	$28,537,770		$25,562,250	
Less—Amount allocated in respect of common stock reacquired and held in treasury (108,311 shares at cost)	5,131,454		5,131,454	
	$23,406,316		$20,430,796	
Total capital stock and surplus		86,809,114		83,833,594
		$118,765,363		$97,207,944

COMPARATIVE CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEARS ENDED DECEMBER 31, 1941 AND DECEMBER 31, 1940

	Years ended Dec. 31, 1941		Dec. 31, 1940 (Note 1)	
Net sales		$180,358,903		$152,188,335
Cost of goods sold, including provision for depreciation and freight charges	$117,086,934		$99,547,590	
Selling, administrative, and general expenses, and other charges	36,258,114		32,983,927	
Provision for Profit Incentive Plan		153,345,048	409,300	132,940,817
Profit from operations		$ 27,013,855		$19,247,518
Other income:				
Dividends received from The Best Foods, Inc.	$ 456,750		$ 442,250	
Other dividends and interest	147,576		48,903	
Royalties and miscellaneous income	335,495		325,004	
Proportionate share of profits (or losses) of subsidiary companies not consolidated	(10,607)		134,704	
	$ 929,214		$ 950,861	
Less—Interest expense	36,969	892,245	14,321	936,540
Profit before provision for taxes and contingencies		$ 27,906,100		$20,184,058
Provision for Federal income tax (including surtax)	$ 6,477,000		$ 4,725,655	
Provision for Federal excess profits tax	5,260,000			
Provision for foreign income and profits taxes	515,700	12,252,700	214,326	4,939,981
Profit before provision for contingencies		$ 15,653,400		$15,244,077
Provision for contingencies		1,500,000		
Net profit, carried to surplus		$ 14,153,400		$15,244,077
Net profit, after preferred dividends, per share of common stock outstanding at end of year		$2.56		$2.77

COMPARATIVE CONSOLIDATED STATEMENT OF EARNED SURPLUS FOR THE YEARS ENDED DECEMBER 31, 1941 AND DECEMBER 31, 1940

	Years ended Dec. 31, 1941		Dec. 31, 1940	
Balance at beginning of year		$ 25,562,250		$21,496,053
Net profit, from consolidated statement of profit and loss		14,153,400		15,244,077
		$ 39,715,650		$36,740,130
Dividends on stock in hands of public:				
Common—$2.00 per share	$10,502,880		$10,502,880	
Preferred—$4.50 per share	675,000		675,000	
		11,177,880		11,177,880
Earned surplus at end of year		$ 28,537,770		$25,562,250

NOTES TO FINANCIAL STATEMENTS

1. The accounts of 4 wholly owned subsidiary companies located in Great Britain and in the Philippine Islands, which heretofore have been consolidated with the accounts of the parent corporation and the other subsidiary companies, have been excluded from the consolidation in 1941. For purpose of comparison, previously reported figures for the year 1940 have been reclassified to reflect such change.

2. Net current assets and deferred expenses of foreign subsidiary companies and the results of their operations have been reflected in the accompanying financial statements at official rates of exchange at the close of the year; property accounts have been reflected on the basis of approximate cost of exchange.

3. Depreciation provided for 1941 aggregated $2,654,071 ($2,698,943 in 1940), of which $1,795,789 ($1,822,873 in 1940) has been included in cost of goods sold and $858,282 (876,070 in 1940) in other accounts.

ACCOUNTANTS' OPINION

To the Board of Directors of
General Foods Corporation

February 18, 1942

We have made an examination of the consolidated balance sheet of General Foods Corporation and wholly owned subsidiary companies in the United States and Canada as at December 31, 1941, and of the related statements of profit and loss and earned surplus for the year 1941. In connection therewith, by methods and to the extent we deemed appropriate, we reviewed the system of accounting control and procedures and, without making a detailed audit of the transactions, examined or tested accounting records and other supporting evidence. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary. We have not examined the accounts of a partially owned and four wholly owned subsidiary companies located in Great Britain and in the Philippine Islands; the aggregate investment in such companies represents less than 1% of the consolidated assets. The accounts of these four wholly owned subsidiary companies, which heretofore have been consolidated with the accounts of the parent corporation and other subsidiary companies for the purpose of annual reports, have been excluded from the consolidation in 1941. The investments in and advances to such excluded companies are stated in the balance sheet at the amount of the net tangible assets as of the most recent dates for which reports have been received.

In our opinion, the accompanying consolidated balance sheet and related statements of profit and loss and earned surplus present fairly the position of the companies consolidated at December 31, 1941, and the results of their operations for the year 1941, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in consolidation approved by us and referred to in the preceding paragraph.

PRICE, WATERHOUSE & CO.
56 Pine Street, New York, N. Y.

The Consolidated Balance Sheet for General Foods Corporation at Dec. 31, 1941, and related financial statements have been prepared under my supervision and, in my opinion, are correct.

Feb. 18, 1942

MARVIN W. KIMBRO, *Controller*

Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SATURDAY, MARCH 28

DODGE & COX FUND

Dodge & Cox Fund (formerly Investors Management Trust) filed a registration statement with the SEC for an indeterminable number of beneficial shares, with an aggregate net asset value of $500,000. The number of shares is indeterminate due to fluctuating net asset value per share.

Address—1708 Mills Tower, San Francisco, Cal.

Business—Company is an investment trust. Purpose of company is to make available for moderate-sized amounts of capital the supervision of Dodge & Cox, investment managers.

Offering—The beneficial shares will be offered to the public, at the market on the date of subscription.

Proceeds will be used for investment purposes.

Registration Statement No. 2-4961. Form A-2. (3-9-42)

SUNDAY, MARCH 29

LINK-BELT CO.

Link-Belt Co. filed a registration statement with the SEC for 33,604 shares common stock, no par value

Address—307 N. Michigan Ave., Chicago, Ill.

Business—Company is engaged, normally, in the design, manufacture, sale and erection of elevating, conveying, material preparation and power transmission machinery and the manufacture and sale of castings

Underwriting and Offering—The shares registered are held by the company in its treasury, and are to be offered only to a selected group of officers and employees of the company at $26.48 per share

Proceeds of $888,600 will be used to reimburse the treasury of the company for the moneys expended by it in the acquisition of such shares, and to provide funds for additional working capital

Registration Statement No. 2-4960. Form A-2 (3-10-42)

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for $10,000,000 first mortgage and collateral trust 3⅜% bonds due 1971

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Proceeds—Proceeds from the sale of the bonds would be used to finance the company's construction program, including the Venice No. 2 plant of its subsidiary, the Union Electric Co. of Illinois. Company proposed to buy from the subsidiary as much as $10,000,000 of additional common stock of the subsidiary as construction funds are required. All the outstanding stock of the subsidiary is pledged under the company's mortgage under which the bonds are to be issued. The Venice No. 2 plant would add 240,000 kilowatts of additional generating capacity to the company's system late in 1943. The first section consists of two 40,000 kilowatt units, of which the first recently was placed in operation and the second is scheduled for completion next month. A second section of 80,000 kilowatts under construction is scheduled for completion in the Fall and a third of the same capacity is to be completed late next year

Underwriting and Offering—Subject to the SEC's approval the company expects to offer the issue at comparative bidding about March 23, with bids to be submitted by March 30. Names of underwriters and the public offering price will be supplied by amendment

Registration Statement No. 2-4959. Form A2 (3-10-42)

Issue approved by SEC March 25.

Bids Asked—Proposals for purchase of the $10,000,000 bonds will be received by company at Room 1905, 60 Broadway, N. Y. City, up to 12 noon, EWT, March 30

MONDAY, MARCH 30

CELANESE CORPORATION OF AMERICA

Celanese Corporation of America filed a registration statement with the SEC for $7,522,000 of 3½% Convertible Debentures, due March 1, 1962, and an indeterminable number of shares of no par common stock (including scrip certificates for fractions of shares), latter to be reserved for issue upon conversion of the Debentures

Address—180 Madison Ave., New York

Business—Principal business of company is the manufacture and sale at wholesale of cellulose acetate yarns and fabrics containing such yarns under the registered trademark "Celanese" and under other trademarks owned by the company

Underwriting and Offering—The debentures will first be offered to company's common stockholders, via subscription rights, for subscription at the rate of $1,000 principal amount of the Debentures for each 183 shares of common stock held of record on the effective date of the registration statement. The subscription price per share will be supplied by amendment. The Subscription Warrants will be exercisable on or before 3 p.m. Eastern War Time on April 6, 1942. Such of the Debentures as are not subscribed for under this offer, will be sold to the public through underwriters, at a price to be supplied by amendment.

Names of the underwirters, and the maximum amount of the Debentures to be underwritten by each, are:

Dillon, Read & Co., New York	$1,222,000
Glore, Forgan & Co., New York	700,000
A. C. Allyn & Co., Inc., Chicago	50,000
A. G. Becker & Co., Inc., Chicago	75,000
Blyth & Co., Inc., New York	300,000
Alex Brown & Sons, Baltimore	125,000
Central Republic, Inc., Chicago	75,000
R. S. Dickson & Co., Inc., Charlotte, N. C.	50,000
Equitable Securities Corp., New York	50,000
Estabrook & Co., Boston	75,000
First Boston Corp., New York	450,000
Graham, Parsons & Co., Philadel.	50,000
Harriman Ripley & Co., Inc., New York	300,000
Harris, Hall & Co., Inc., Chicago	75,000
Hayden, Miller & Co., Cleveland	75,000
Hayden, Stone & Co., New York	75,000
Hemphill, Noyes & Co., New York	200,000
Hornblower & Weeks, New York	125,000
W. E. Hutton & Co., New York	75,000
Kebbon, McCormick & Co., Chicago	50,000
Kidder, Peabody & Co., New York	200,000
W. C. Langley & Co., New York	150,000
Lee Higginson Corp., New York	150,000
Lehman Bros., New York	350,000
Laurence M. Marks & Co., New York	75,000
Mellon Securities Corp., Pittsburgh	350,000
Merrill Lynch, Pierce, Fenner & Beane, New York	250,000
F. S. Moseley & Co., Boston	75,000
Otis & Co., Cleveland	75,000
Riter & Co., New York	150,000
E. H. Rollins & Sons, Inc., N. Y.	125,000
Salomon Bros. & Hutzler, N. Y.	125,000
Shields & Co., New York	300,000
Smith, Barney & Co., New York	300,000
Tucker, Anthony & Co., Boston	75,000
Union Securities Corp., New York	200,000
White, Weld & Co., New York	150,000
Whiting, Weeks & Stubbs, Inc., Boston	50,000
The Wisconsin Co., Milwaukee	125,000
Dean Witter & Co., San Francisco	50,000

Proceeds—Purpose or purposes to which the proceeds will be applied, are to be supplied by amendment

Registration Statement No. 2-4962. Form A-2 (2-11-42)

Offering Deferred—Company announced March 25 that it had postponed for the time being offering to holders of common stock of proposed bond issue, due to problem arising in connection with British stockholders

TUESDAY, MARCH 31

PET MILK CO.

Pet Milk Co. has filed a registration statement with the SEC for 30,000 shares of Cumulative Preferred Stock, $100 par value. The dividend rate will be supplied by amendment

Address—1401 Arcade Bldg., St. Louis, Mo.

Business—Company and its subsidiaries are engaged primarily in the manufacture and sale of evaporated milk; they also manufacture and sell certain other dairy products, including ice cream, ice cream mix, powdered milk and butter.

Underwriting—Details of underwriting arrangements will be supplied by amendment. However, the Prospectus shows that Kidder, Peabody & Co. and G. H. Walker & Co., will participate in the underwriting of the stock

Offering—The preferred stock will be offered to the public, at a price to be supplied by amendment

Proceeds—The purposes to which the proceeds from sale of the shares will be applied, will be supplied by amendment to the registration statement

Registration Statement No. 2-4963. Form A-2 (3-12-42)

Amendment filed March 24 naming the underwriters and their participation as follows:

Kidder, Peabody & Co.	14,000 shs.
G. H. Walker & Co., St. Louis	14,000 shs.
Harris, Hall & Co., Chicago	2,000 shs.

GILLHAM MINING CO., INC.

Gillham Mining Co., Inc., filed a registration statement with the SEC for 5,000 shares common stock, no par value

Address—30 No. La Salle St., Chicago, Ill.

Business—Engaged in the mining of antimony ore in Mineral Township, Sevier County, Arkansas

Underwriting and Offering—The 5,000 shares of common stock will be sold to the public at $5 per share; no underwriting involved.

Proceeds will be used for corporate purposes, including further developing and exploring of properties now owned by the company

Registration Statement No. 2-4964. Form S-3 (2-12-42)

THURSDAY, APRIL 2

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with the SEC for 750,000 shares of Series "B-4" Full Certificates of Participation

Address—50 Congress St., Boston, Mass.

Business—Company is an investment trust; The "Keystone Plan" establishes a series of trust funds, each employing its capital in a designated class and type of listed securities, to enable the investor to choose the type or combination of types of securities having the characteristics most nearly fitting his individual requirements

Underwriting and Offering—The shares will be offered to the public at the market. The Depositor is the sponsor

Proceeds will be used for investment purposes

Registration Statement No. 2-4965. Form C-1 (3-14-42)

SATURDAY, APRIL 4

KLINE BROTHERS COMPANY

Kline Brothers Co. filed a registration statement with the SEC for $322,300 of 5% sinking fund notes, due May 1, 1952, and registration statement for certificates of deposit to be issued to holders of outstanding 5% notes of company, under plan of exchange

Address—132 W. 31st St., New York, N.Y.

Business—Operates 19 retail department stores located in various cities in Illinois, Michigan, Ohio, Iowa, Missouri, Pennsylvania and Georgia, selling merchandise of the character generally sold in small department stores

Offering—The new 5% notes will first be offered, par for par, in exchange for the outstanding 5% notes due Dec. 31, 1943, and May 1, 1944; latter noteholders, depositing under the exchange plan, will receive equal amount of certificates of deposit. Such of the new notes not issued in exchange for the outstanding 5% notes, will be sold to public, at 100 and accrued interest

Underwriting — Illinois Securities Co., Joliet, Ill., is the underwriter of the notes not issued under exchange plan

Proceeds will be used to retire all outstanding 5% notes of company

Registration Statements No. 2-4966 (D-1A, covering certificates of deposit) and 2-4967 (A2, covering new notes). (3-16-42)

MONDAY, APRIL 6

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

AMPCO METAL, INC.

Ampco Metal, Inc., has filed a registration statement with the SEC for 166,667 shares common stock, $2.50 par

Address—Milwaukee, Wis.

Business—Company is engaged principally in the production and sale of aluminum bronze; also produces and sells a companion line of other bronzes, and furnishes other non-ferrous alloys meeting certain specifications

Underwriting—Van Grant & Co., Detroit, Mich., is the principal underwriter; names of the other underwriters will be supplied by amendment. Underwriting commission is $1.50 per share

Offering—The common stock registered will be offered to the public at a price of $7.50 per share

Proceeds will be applied as follows: $319,000 to pay for certain equipment and tools; $50,000 to payment of outstanding bank loan; purchase of $500,000 principal amount of U. S. Government tax anticipation notes, and balance for working capital

Registration Statement No. 2-4969. Form S-2. (3-18-42)

THURSDAY, APRIL 9

NATIONAL OIL PRODUCTS CO.

National Oil Products Co. has filed a registration statement with the SEC for $1,000,000 of sinking fund 3¼% debentures, due April 1, 1957

Address—Essex & First Sts., Harrison, N. J.

Business—Business of company and its subsidiaries is essentially a chemical business. The more important products processed, manufactured and sold are (1) chemical products used chiefly for industrial purposes and (2) vitamin products and vitamin concentrates

Underwriters and amount of the debentures which each has agreed to purchase from company, are: Jackson & Curtis, Boston, $500,000; Schwabacher & Co., San Francisco, $400,000; Kebbon, McCormick & Co., Chicago, $100,000

Offering—The debentures will be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds to extent of $500,000 will be applied to payment of outstanding notes payable, and the balance will be added to working capital

Registration Statement No. 2-4970. Form A-2. (3-21-42)

SATURDAY, APRIL 11

LIPE-ROLLWAY CORP.

Lipe-Rollway Corp. filed a registration statement with the SEC for 80,000 shares $1 cumulative convertible preferred stock, $10 par, and 160,000 shares class A stock, $1 par, latter reserved for issue upon conversion of the preferred stock

Address—208 S. Gedded St., Syracuse, N. Y.

Business—Incorporated in 1924 as W. C. Lipe, Inc., on March 16, 1942, the name was changed to Lipe-Rollway Corp. Part of the proceeds of this financing is intended to be used for acquisition by the company of all or at least a majority of the outstanding stock of Rollway Bearing Co., Inc., of Syracuse, N. Y. Business of the company, including that of Rollway Bearing Co., Inc., includes the manufacture and sale of machine tools, reamers, cutters, clutches, clutch parts, bearings, etc.

Underwriter—Barrett Herrick & Co., Inc., New York, is the sole underwriter

Offering—The preferred stock will be offered to the public at $14 per share; the underwriting commission is $2.10 per share

Proceeds will be used in part to acquire all or as many shares as possible of the outstanding capital stock of Rollway Bearing Co., Inc., the balance will be used for additional working capital

Registration Statement No. 2-4971. Form A-2. (3-23-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

Proposed offering as amended Dec. 10, 1941, 9,000 shares at $54.25 per share

Amendments filed Nov. 21, Dec. 8, and Dec. 26, 1941, to defer effective date

Amendments filed Nov. 21, Dec. 8, Dec. 26, 1941, Jan. 12, Jan. 29, Feb. 7, Feb. 16 and March 5, 1942 to defer effective date

ATLANTIC CITY ELECTRIC CO.

Atlantic City Electric Co. filed a registration statement with the SEC for 62,000 shares of Cumulative Preferred Stock, $100 par; dividend rate will be furnished by amendment

Address—Atlantic City, N. J.

Business—This subsidiary of American Gas & Electric Co. is engaged in the generation, transmission, distribution and sale of electric energy in the southern part of New Jersey, including Atlantic City, and is also engaged in furnishing hot water heating service in a limited area in Atlantic City and steam for heating to two customers at its Atlantic City plant. About 99% of gross revenues are derived from electric service

Underwriting and Offering—As soon as practicable after the registration statement becomes effective, company proposes publicly to invite proposals for purchase of 49,000 shares of the new preferred stock, under competitive bidding rule of Holding Company Act. Provision is made that the remaining 13,000 shares of new preferred stock registered will be offered under an Exchange Offer, as follows: holders of the 26,283 shares of $6 preferred stock held by the public will be entitled to receive one share of new preferred stock for each share of $6 preferred stock exchange, plus an amount in cash per share equal to the excess of the redemption price of $120 per share of the $6 preferred stock, plus accrued dividends to the date of redemption, over the initial public offering price of the new preferred stock. The exchange offer will expire not later than the fifth day after such offer is made. Should holders of the $6 preferred stock held by the public take more than 13,000 shares of new preferred stock under the Exchange Offer, then the number of shares of new preferred stock to be sold under competitive bidding will be reduced by such excess; and if less than 13,000 shares of new preferred are taken under the Exchange Offer, then the successful competitive bidders will have the option to purchase the additional shares represented by such deficiency at the same price per share as they have bid for the other shares

Public offering price, and the names of the underwriters, will be supplied by amendment

Proceeds from sale of the 62,000 shares new preferred stock, plus a capital contribution in cash of $2,500,000 to be made to company by American Gas & Electric Co., the parent company, will be used for following purposes: $3,059,200 to purchase from American Gas & Electric Co. 30,592 shares of $6 preferred stock (at its cost); $3,153,960 to be deposited with the redemption agent, for the redemption of 26,283 shares of $6 preferred stock (to be called for redemption at $120 per share), outstanding in the hands of the public; $2,500,000 to discharge open account indebtedness to American Gas & Electric Co.; and the balance for corporate purposes

Registration Statement No. 2-4941. Form A2 (2-2-42)

Registration Effective 12:30 p.m. E. War Time on Feb. 14, 1942.

Public Invitation for Proposals—No bids were received Feb. 24 for the issue. Groups formed to compete for the shares withdrew in the face of the general market uncertainty.

AXTON FISHER TOBACCO CO.

Axton Fisher Tobacco Co. filed a registration statement with the SEC for aggregate of 149,944 shares 5% cumulative prior preferred stock, $25 par.

Address—Louisville, Ky.

Business—Engaged in the manufacture of cigarettes (Clown, Spud, and Twenty Grand) and various brands of smoking and chewing tobaccos.

Offering—The 149,944 shares new preferred stock will be issued under a plan of recapitalization, as follows: (1) 56,544 shares in exchange for 14,136 shares outstanding 6% preferred stock on basis of 4 shares new preferred stock plus $17.25 cash for one share of old 6% preferred stock; (2) 54,558 shares in exchange for 45,465 shares outstanding Class A common stock on basis 1 1/5 shares new preferred stock plus $16 cash for one share Class A common stock; and (3) 38,852 shares will be sold first to stockholders of company other than Transamerica Corp., parent company, at $25 per share, with the unsubscribed portion to be sold to Transamerica Corp. at same price. The cash payments in (1) and (2) exchange offers represent unpaid cumulative dividends to Dec. 31, 1941; in connection with offering under (3) above, a cash offer is also to be made in an amount necessary to cover cash payments in the above exchange offers.

Registration Statement No. 2-4947. Form A2 (2-13-42—San Francisco)

Amendments filed Feb. 27 and March 16, 1942, to defer effective date

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — 513 Majestic Bldg., Denver, Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission, 15%

Proceeds — For development equipment and operation mining property near Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

Amendments filed Dec. 3, Dec. 31, 1941, Jan. 19, Feb. 25 and March 12, 1942, to defer effective date

CALIFORNIA DE-TINNING CORP.

California De-Tinning Corp. filed a registration statement with the SEC for 234,000 shares of $1 par common stock

Address—Los Angeles, Cal.

Business—Company is engaged in the reclaiming and processing of tin

Underwriters—Quincy Cass Associates

Offering—The common stock will be offered to the public at $1 per share

Proceeds will be used to pay for organization expenses, a detinning plant and for working capital

Registration Statement No. 2-4956. Form A1 (3-2-42—San Francisco)

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s. 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendments filed Nov. 18, Dec. 6, Dec. 24, 1941, Jan. 12, Jan. 31, Feb. 19 and March 10, 1942, to defer effective date

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Calendar of New Security Flotations

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendments filed Nov. 27, Dec. 15, 1941, Jan. 2, Jan. 20, Feb. 6, Feb. 24 and March 13, 1942, to defer effective date

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares **4½%** cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business—Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment filed Jan. 29, Feb. 16 and March 6, 1942 to defer effective date

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered **with SEC 140,400 shares common stock, $2** par value

Address—Hastings, Mich.

Business—**Manufactures and sells piston** rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters. Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—**23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders**

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price **is $9.50 per share**

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Amendments filed Jan. 8, Jan. 24, Feb. 2, Feb. 25 and March 14, 1942, to defer effective date

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. **registered with SEC $5,750,000 of first mortgage 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock** no par

Address—607 E. Adams St., Springfield Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock owned by parent company, at latter's cost. Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

Amendments filed Nov. 26, Dec. 15, 1941, Jan. 2, Jan. 21, Feb. 7, Feb. 26 and March 16, 1942, to defer effective date

Illinois Commercial Telephone Co. on March 19, 1942, filed an amendment to its registration statement disclosing that it now proposes to offer to the public $5,750,000 first mortgage 3½% bonds, due March 1, 1972. Previously, in original registration statement filed on Oct. 24, 1941, company had proposed to sell $5,750,000 of first mortgage 3⅜% bonds, due 1971, and 24,000 shares of $5 cumulative preferred stock, no par value

Proceeds from sale of the $5,750,000 of first mortgage 3½% bonds, due 1972, together with other funds of the company, are to be used to retire the outstanding $5,750,000 of first mortgage series A 3¾% bonds, due 1970

Underwriters of the 3½s of 1972, and the principal amount which each has agreed to underwrite, are: Bonbright & Co., New York, $2,875,000; Paine, Webber & Co., New York, $2,156,000; Mitchum, Tully & Co., Los Angeles, Cal., $719,000

INTER-MOUNTAIN TELEPHONE CO.

Inter-Mountain Telephone Co. filed registration statement with SEC for 25,000 shares common stock, voting, $10 par value

Address—Sixth and Crumley Sts., Bristol Tenn.

Business—Supplies telephone service in portions of Virginia and Tennessee

Underwriters—Alex. Brown & Sons, Baltimore; Mason-Hagan, Inc., Richmond, Va.; Stern, Wampler & Co., Inc., Chicago; Equitable Securities Corp., Nashville, Tenn.; Courts & Co., Atlanta, Ga.; R. S. Dickson & Co., Inc., Charlotte, N. C.; Minnich Wright & Co., Inc., Bristol, Tenn.

Offering—The 25,000 shares of common stock will be offered to the public, at a price to be supplied by amendment to registration statement. The shares are to be offered for the account of the underwriters who are to acquire such shares as follows Southern Bell Telephone & Telegraph Co and Chesapeake & Potomac Telephone Co of Virginia, have agreed to sell to above underwriters, a total of 25,000 shares of 6% non-cumulative convertible preferred stock, $10 par, of company, at a price to be supplied by amendment (20,665 shares of such preferred to be sold by former, 4,335 shares by latter). Underwriters agree that immediately following delivery to them of such shares of preferred stock, each will convert same, share for share, into a total of 25,000 shares of common stock of company

Proceeds will be received by the underwriters

Registration Statement No. 2-4908. Form A2 (12-6-41)

Amendments to defer effective date filed Dec. 22, 1941, Jan. 9, Jan. 27, Feb. 14, and March 2, 1942

LIBERTY AIRCRAFT PRODUCTS CORP.

Liberty Aircraft Products Corp. filed registration statement with SEC for 60,000 shares Cumulative Convertible Preferred Stock, no par (dividend rate to be supplied by amendment), and 120,000 shares $1 par value common stock, latter to be reserved for issuance upon exercise of conversion rights of the preferred stock

Address—Farmingdale, N. Y.

Business—Engaged in manufacture and processing of parts and equipment for aircraft to customers' specifications, upon order. Owns about 50% of the outstanding common stock of The Autocar Co., which is engaged chiefly in the manufacture and sale of medium and heavy-duty motor trucks

Offering—The preferred stock will be offered to the public at a price to be supplied by amendment; the proposed maximum offering price, based on the SEC filing fee, is $25 per share

Underwriting—E. H. Rollins & Sons, Inc., New York, is named principal underwriter; names of the other underwriters will be supplied by amendment.

Proceeds will be used to the extent of $900,000 toward part payment of outstanding bank loans, and the balance will be added to working capital

Registration Statement No. 2-4934. Form A2 (1-28-42)

Amendments filed Feb. 26 and March 14, 1942, to defer effective date

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co. is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendments filed Jan. 10, Jan. 26, Feb 11, Feb. 28 and March 16, 1942, to defer effective date

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

Address — Aquila Court Bldg., Omaha Nebraska

Business—Production and transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2 (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding by North American Light & Power Co and are to be offered to public for the account of American Light & Power Co

The 355,250 additional shares orginally registered with the SEC on April 21, 1941 for public offering, and withdrawn from registration were subsequently registered and became effective. These shares constituted the stock outstanding and owned by United Light & Railways Co., a subsidiary

PUBLIC SERVICE CO. OF INDIANA, INC

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3⅜% bonds, due Dec. 1, 1971

Address—110 N. Illinois St., Indianapolis, Ind.

Business—Incorporated in Indiana on Sept. 6, 1941, as result of consolidation of Public Service Co. of Indiana, Central Indiana Power Co., Northern Indiana Power Co., Terre Haute Electric Co. and Dresser Power Corp. Company is a public utility operating in State of Indiana and is engaged principally in production, generation manufacture, purchase, transmission, supply distribution and sale of electric energy and gas, and in the supply, distribution and sale of water.

Underwriting and Offering—The bonds will be sold under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and public offering price, will be supplied by post-effective amendment to registration statement

Proceeds, plus other funds of company if necessary will be applied to redemption within 40 days after issuance of the bonds of the $38,000,000 of Public Service Co. of Indiana first mortgage series A 4% bonds due Sept. 1, 1969, at 106½ and accrued interest; and $4,000,000 of the net proceeds will be deposited with the trustee under the series D indenture and will be used in accordance with the provisions of the indenture

No bids for the purchase of the bonds were received on Dec. 16, 1941

Registration Statement No. 2-4893. Form A2. (11-22-41)

Effective—10 a.m. E.S.T. on Dec. 6, 1941

REPUBLIC DRILL & TOOL CO.

Republic Drill & Tool Co. has filed a registration statement with the SEC for: 125,000 shares of 55-cent cumulative convertible preferred stock, $1 par; option warrants to purchase 62,500 shares of $1 par common stock; 125,000 shares $1 par common stock, reserved for issuance upon conversion of the preferred stock, and 62,500 shares $1 par common stock reserved for the option warrants

Address—Chicago, Ill.

Business—Engaged in the manufacture and sale of a variety of twist drills

Underwriter—Craigmyle, Rogers & Co. is the sole underwriter

Offering—The 125,000 shares of preferred stock will be offered to the public at $5 per share; provision is made, however, that the initial offering price may be reduced to not less than $4 per share. The option warrants, above mentioned, are to be issued to the underwriter as additional compensation. If the underwriter exercises the warrants, the shares of common stock covered by such warrants may be offered to the public; details of such public offering, if any, will be supplied by amendment

Proceeds will be used to purchase machinery and equipment, and for working capital

Registration Statement No. 2-4950. Form A1 (2-24-42)

SOUTH CAROLINA INSURANCE CO.

South Carolina Insurance Co. registered with SEC 12,500 shares common stock, $8 par value

Address—1400 Main St., Columbia, S. C

Business—Engaged principally in the writing of fire insurance

Underwriting and Offering—The shares will first be offered for subscription to present stockholders, under their preemptive rights, at price of $16 per share. Unsubscribed portion of such shares will be offered to public at $18 per share, within 30 days after effective date of registration statement. Underwriters will be named by amendment; underwriting commission will be $2 per share

Proceeds will go directly to capital ($100,000) and the residue to surplus. Company deems it essential to comply with laws of New York State, soon to become effective requiring a minimum capital of $250,000 and with the laws of Massachusetts requiring a minimum capital of $300,000

Registration Statement No. 2-4898. Form A2. (11-27-41)

Amendments filed Dec. 16, 1941, Jan. 3, Jan. 22, Feb. 10 and Feb. 27, 1942, to defer effective date

R. L. SWAIN TOBACCO CO., INC.

R. L. Swain Tobacco Co., Inc., filed a registration statement with the SEC for 5,000 shares Class A common stock, $1 par value, and 60,000 shares Class B common stock, $1 par value

Address—Danville, Va.

Business—Company markets Panax Processed Pinehurst cigarettes, manufactured for company under its Panax Process by Axton-Fisher Tobacco Co., Inc. The Panax Process acts as a hygroscopic or moisture retaining agent. Panax is a demulcent—soothes the membranes of the throat, and is tasteless and oderless

Underwriting and Offering—The shares will be offered to the public at a price of $5 each for each class of stock. John W. Yeaman, Martinsville, Va., who was named as underwriter, withdrew on Jan. 31, 1942

Proceeds will be used for plant additions, for purchase of additional equipment, and for working capital

Registration Statement No. 2-4928. Form A1 (1-9-42)

Registration effective 4:45 p.m., E. S. War Time, on March 2, 1942

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1 (8-27-41)

Amendment filed Feb. 11 to defer effective date.

TREASURE MOUNTAIN GOLD MINING CO.

Treasure Mountain Gold Mining Co. filed a registration statement with the SEC for 150,000 shares common stock, 25 cents par value

Address—Denver, Colo.

Business—Company has been organized to develop and operate gold and silver mines on Treasure Mountain, in San Juan County, Colo.

Underwriting—None

Offering—Company will sell such shares directly to the public, at a price of 50 cents a share

Proceeds will be used for working capital

Registration Statement No. 2-4937. Form S3 (1-29-42)

Amendment filed Feb. 11 to defer effective date

TUNG GROVE DEVELOPMENT CO., INC.

Tung Grove Development Co., Inc., filed registration statement with the SEC for Contracts for sale of land and development of tung groves thereon, aggregating $450,000

Address—Ocala, Fla.

Business—Engaged in the planting, cultivation and care of tung groves on lands of others under contract or upon orders from such owners, in Marion and Citrus Counties, Fla. Business is now being expanded to include the purchase, sub-division and sale of lands in these counties for development in tung groves

Underwriting—Details of underwriting or distributing method to be employed, will be supplied by amendment

Offering—Company will offer, through the Contracts, land suitable for tung grove development, together with its contract for the clearing, planting and development of a tung grove thereon, in units of not less than 10 acres at a total price of $45 per acre, payable one-fourth down and the balance in 3 equal annual payments

Proceeds for working capital, as payment for land sold and for development work and materials

Registration Statement No. 2-4935. Form S2 (1-28-42)

Registration Effective but apparently deficient at 4.45 p.m. E. S. War Time on Feb. 16, 1942. A hearing set before the SEC for March 3 postponed to March 31, 1942. Hearing at Ocala, Fla.

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Reed & Co., New York, is named the principal underwriter Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed March 2, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendments filed Nov. 25, Dec. 13, Dec. 31, 1941, Jan. 19, Feb. 7, and Feb. 26, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed March 10, 1942, to defer effective date

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. filed **a registration statement with the SEC for: $22,800,000 first mortgage 3½% bonds, due Dec. 1, 1971; $5,700,000 of 2%-3½% serial notes, due semi-annually June 1, 1944-Dec. 1, 1951, in varying amounts (from $320,000 to $390,000); 70,000 shares 5½% cumulative preferred stock, $100 par value; and 628,333 shares common stock,** no par

Address—117 S. Washington St., **Alexandria, Va.**

Business—**Company is principally an electric operating public utility engaged in the production, purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. Company is a subsidiary of General Gas & Electric Corp., which is in the Associated Gas & Electric Corp. holding company system**

Underwriting and Offering—**The securities registered will be sold through competitive bidding, under the SEC's competitive bidding Rule U-50 of the Public Utility Holding Company Act. Only exception is confined to such shares of the new preferred stock as may be issued on a share for share basis (with a cash adjustment) to holders of the presently outstanding preferred stock who do not elect to take cash for their stock. Name of underwriters, and public offering prices for the securities, will be supplied by post-effective amendment to registration statement**

Proceeds will be used as follows: The 628,333 shares of new no par common stock will first be issued to General Gas & Electric Corp. in exchange for the old common stock now held by General Gas & Electric Corp., and will be offered for sale through competitive bidding. The proceeds from the sale of the securities registered will be used to retire all of the outstanding long-term indebtedness of the company, its predecessor and constituent companies, and that of Virginia Public Service Generating Co. (a subsidiary), to make cash payments to its present preferred stockholders, and to provide company with funds for new construction

Registration Statement No. 2-4913. Form A2. (12-12-41)

Amendments to defer effective date filed Dec. 26, 1941, Jan. 10, Jan. 31, Feb. 19 and March 5, 1942

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of everal operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923. Form A2. (12-29-41)

Amendment filed March 14, 1942, to defer effective date

Kelly Re-Opens

Daniel S. Kelly is engaging in a general securities business from offices at 2 Rector Street, New York City, under the firm name of Daniel S. Kelly Company. Mr. Kelly was formerly in business as Daniel S. Kelly Company.

Tankin, Fitzgerald Named To N. Y. Dealers Ass'n

T. Reid Tankin, R. H. Johnson & Co., and Vincent Fitzgerald, Fitzgerald & Co., have been elected members of the New York Security Dealers Association.

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Wilbur Wittich To Be NY Mgr. For Wyeth Co.

Wilbur R. Wittich has become associated with Wyeth & Co., members of the Los Angeles Stock Exchange, as manager of their New York office at 40 Wall Street. Mr. Wittich began his career in Wall Street with Bodell & Co. in 1920. In 1926 he joined Bond & Goodwin, Inc. as a trader, becoming manager of their trading department in 1931, which post he has held for the past 11 years until joining Wyeth & Co. In 1940 Mr. Wittich was President of the Security Traders Association of New York.

Wilbur R. Wittich

Wyeth & Co. act as underwriters, participating distributors and dealers in railroad, public utility, industrial and municipal issues, specializing in securities of the Pacific Coast.

Edward T. Cook With Adams-Fastnow Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Edward T. Cook, member of the Los Angeles Stock Exchange, has become associated with Adams-Fastnow Company, 650 South Spring Street, Los Angeles Exchange members. Mr. Cook was formerly President of Cook, Miller & Co.

To Form Roth & Co. In Allentown, Pa.

ALLENTOWN, PA.—As of April 1, the firm of Roth and Company will open offices at 818 Hamilton Street to engage in a securities business. Partners of the new organization will be Sydney Roth and Laura M. Beers, who was formerly a partner in the dissolved firm of Allen E. Beers and Company.

Satnick Is Ilsley Partner

Sol Satnick has become a partner in the firm of R. G. Ilsley & Co., 64 Wall Street, New York City, with Robert G. Ilsley.

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Bowditch To Be V.-P. Of Empire Securities

CHICAGO, ILL.—Harvey R. Bowditch will become a vice-president of the Empire Securities Company, 164 West Jackson Boulevard, on April 1, and will also become affiliated with the investment branch of Marsh & McLennan, Inc. Mr. Bowditch for the past 14 years has been associated with Stone & Webster and Blodget.

Curb Seat Retirement Plan Completed

The New York Curb Exchange on March 24 arranged to purchase for retirement at $1,000 each four more memberships. When arrangements for the retirement of these seats are completed at the end of the posting period on March 31, the Exchange will have retired 50 memberships in accordance with the amendments to its Constitution adopted on July 29, 1941. The present market for seats is no bid, offered at $7,500.

Lovejoy To Be Partner In Foster, Marvin Co.

Donald M. Lovejoy, member of the New York Stock Exchange, will become a partner in the Stock Exchange firm of Foster, Marvin & Co., 120 Broadway, New York City, on April 1. Mr. Lovejoy was formerly a partner in McGregor, Irvine & Co., maintaining his headquarters in the firm's New York office.

Correction

In the "Financial Chronicle" of March 12 in reporting that James Averell Clarke had become a member of the firm of Dixon & Company, it was stated through an error that Mr. Dixon would make his headquarters in the firm's New York office. Mr. Dixon has always maintained, and is continuing to maintain, headquarters in the Philadelphia office. Mr. Clarke will be associated with the New York office.

The Possibilities Of Latin-American Bonds

(Continued from Page 1226)

needed for the American war effort. At the same time, the Brazilian Government is to receive increased lend-lease aid which will undoubtedly be utilized for the further development of military installations along the Brazilian northeastern coast. The two countries will collaborate to expand raw rubber production and iron production. The United States is providing the capital needed for the projects and, in addition, the Export-Import Bank has allotted $100,000,000 for mobilization of the varied productive resources of Brazil which can help the Allied cause. Of course a considerable amount of time must elapse before the effect of these agreements will be felt, but most certainly the prospects for the come-back of the Latin-American countries seems almost assured for the duration of the war and possibly for a long time after the war.

It is obvious that prices of Latin-American bonds have not yet begun to reflect the realities of the situation. They, therefore, offer tremendous speculative possibilities for investors and alert dealers will sense the selling opportunities thus made available to them.

LATIN AMERICA

Our foreign bond trader has specialized in these securities for more than 20 years. We are actively interested marketwise and will be happy to consult with dealers concerning the various issues.

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STANY Revives Former Employment Comm.

Since a great many security houses are now, or will be in need of traders to replace men going into the service, the Security Traders Association of New York has revived its Employment Committee. This committee will advise the various exchanges and security dealers of its existence and members seeking changes are urged to register with Willis M. Summers, of Hoit, Rose & Troster, Chairman, Wilbur W. Wittich, or the Secretary. The activities of this committee will also include the negotiation for mergers of small firms. All activities are confidential.

Richard F. Abbe, of Van Tuyl & Abbe, has been appointed chairman of a committee to keep members in the service apprised of what is going on in the Street and keep them supplied with financial periodicals of interest to them. Any suggestions should be made to Mr. Abbe.

W. Thomas Hoyt, First Vice-President of the Association, has gone to Washington to work with the OPM for the duration and has been replaced by Joseph Janareli, of Freeman & Co., who was previously Second Vice-President. Richard Goodman, Secretary, has been called into the Army and has been replaced from the Board of Directors by Chester deWillers, of Schoonover, deWillers & Co.

Minn. Pr. & Lt. Looks Good

Securities of the Minnesota Power & Light Company offer interesting possibilities at this time, according to a memorandum just issued by Hixon, Stewart & King, 120 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange. The recent decline in the preferred stocks of the company in view of present earnings figures and income account is not justified, the memorandum states, and at present levels the preferred stocks should show definite appreciation possibilities. Copies of the bulletin discussing the situation and giving comparative figures on earnings per share, pro forma earnings and taxes, income account, markets, etc., may be had from Hixon, Stewart & King upon request.

Indicted For "Bucketing"

Louis Nessel, a stock salesman, has been indicted in General Sessions of New York on charges of grand larceny and bucketing. He was released in $2,500 bail to await trial after pleading not guilty. Edgar Kenny, who operated a brokerage firm in New York City until the close of 1938, and Benjamin Rubin, described as an employe of the concern by the Assistant District Attorney, had previously been arraigned on the same charges. The firm had ceased business when it was being investigated by the office of the Attorney General.

Duryea Dissolving

As both William M. Duryea and George F. Rothschild, partners in the firm, are joining the armed forces, Duryea & Company, 65 Broadway, New York City will be dissolved as of March 31, 1942.

NSTA Convention To Be Streamliner

CLEVELAND, OHIO — The Cleveland Security Traders Association, hosts to the National Security Traders Association at their ninth annual convention to be held at the Hotel Statler, Cleveland, Aug. 26, 27 and 28, announce that plans are already under way for the convention.

In announcement by Ed. E. Parsons, Wm. J. Mericka & Co., President, the local Association stated:

Ed. E. Parsons, Jr.

"This first war-time convention will be more streamlined than its eight predecessors of comparatively opulent times.

"We feel sure you will concur in our belief that in these days a convention can be justified only if it earnestly concerns itself with business problems. Committee meetings, forums, discussions, therefore, will be emphasized.

"There, also, will be entertainment, of course, although our plans to date are conservative and flexible enough to conform to any conscription, rationing, or freezing orders which may be handed down between now and convention time.

"As hosts, we naturally are disappointed that the war effort will restrict our earlier ambitious ideas for your entertainment and perhaps keep us from putting our very best foot forward in behalf of our city and ourselves.

"But, one thing that war will not change is Cleveland hospitality. We are looking forward eagerly to greeting you in August."

Early registrations will be of great help to the committee. Registrations should be made with L. J. Schultz, L. J. Schultz & Co., 736 Union Commerce Building, Cleveland, Ohio.

Fuller, Cruttenden Moving

CHICAGO, ILL.—Fuller, Cruttenden & Co., members of the Chicago Stock Exchange, will move their offices from 120 South La Salle St., to the Rookery Building, 209 South La Salle St., on or about April 1, Walter W. Cruttenden announced today. There will be no change in business activities or personnel. The firm will continue to maintain wire services to New York, Buffalo, Pittsburgh, Columbus, Davenport, Ohama, Lincoln, Cleveland, Los Angeles, Minneapolis and St. Paul.

Deuell In Chicago

(Special to The Financial Chronicle)

CHICAGO, ILL.—Thomas L. G. Deuell has opened offices in the Board of Trade Building, to engage in a general securities business. Mr. Deuell was formerly with Clement, Curtis & Co. for many years.

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THURSDAY

In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

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FROM WASHINGTON AHEAD OF THE NEWS

To the extent of his ability your correspondent has talked to the Washington correspondents corps, more than 500 men and women, in the past few days, regarding the present intense agitation to "repeal the 40 hour week." The inescapable conclusion is that in a publicity sense industry is just about as inept as a 10-year-old idiot.

I am not now reporting my own opinions but what I learned from talking with my fellow correspondents, some of them Conservatives, some of them Leftists, members of the Newspaper Guild, etc. Two of the conclusions I picked up were:

1—That Industry and the American people as a whole have a grievance against organized labor because they have come to dominate the whole American scene to the exclusion of everybody else. That there should be legislation to check the power of labor leaders such as making them account for their finances, and making it unlawful to coerce a workingman into joining a union.

2—And this is most important: It is not organized industry that is mainly responsible for the attack on the 40-hour week but it is permitting the labor agitators to put the onus on it and also permitting them to join the issue on this sole point. On this basis, the consensus of Washington correspondents is that the laborites with Mr. Roosevelt's support will win.

Summing up, the point is that the rest of the country, outside of organized labor, has a real grievance. They have a grievance on the issue of not the 40-hour week, but that of forcing men to be slaves to a labor leader, of the racketeering that is going on, on the part of certain labor leaders, of the forcing of men, before they can get a job, to pay tribute to labor leaders, of making unions comply with laws such as other members of the body politic have to comply with.

After talking with my fellow correspondents, I looked around to see where the agitation for the repeal of the 40-hour week, as if that would be an accomplishment, was coming from. I learned it was *not* coming from some paid pro-

(Continued on page 1263)

On The Foreign Front

European Stock Markets

Dealings on the London stock market disclosed an improved trend this week, largely because the war news was better balanced as between activities of the United Nations and the Axis. That our forces are beginning to hit back in the Far East heartened London observers, and occasioned some buying of securities. There was not much interest in tea, rubber and tin shares, but other groups displayed a good tone.

London trading was still somewhat uncertain late last week, but gilt-edged stocks advanced gently in trading during the first half of the current week. Warship Week opened in the United Kingdom, Monday, with subscriptions reported quite heavy. Payment was made for £65,000,000 of requisitioned Canadian securities, which added to the demand for gilt-edged issues. Industrial stocks reflected some inquiry, while tobacco and shipping shares were sharply better. Middle East oil shares proved another firm section.

The Continental markets were dull, so far as available reports indicate. French markets reflect fresh buying inquiry in most stocks, but the controls are stringent and do not permit normal changes. No reports are available as to Axis dominated markets in Europe.

Merchant Shipping Problem

Merchant shipping facilities are likely to become one of the worst bottlenecks of the United Nations war effort, if the sinkings off our Atlantic Coast cannot be modified or halted. German and Italian submarines continue to concentrate on the Atlantic waters close to the Western Hemisphere. Some losses also are acknowledged in European waters, and the sum total unquestionably is a perturbing figure, although precise figures necessarily are lost in the maze of censorship restrictions.

It is not a military secret that our production levels in shipping are under estimates and immensely short of re-

(Continued on page 1262)

Binders For The Convenience Of Our Subscribers

Arrangements have been made with the "Expandit" Binder to supply temporary binders in which to file current issues of the Financial Chronicle in its new form. These will facilitate the use of the Chronicle and will protect copies against mutilation and loss. The cost is $2.50 plus postage for each of these binders which is designed to hold two months' issues of the Financial Chronicle. Orders for binders should be sent to "Expandit" Binder, 25 Spruce Street, New York City.

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THE FINANCIAL SITUATION

One of the difficulties of "reforms," even when originally well conceived and plainly needed, is that they so frequently give rise to fetishes and misconceptions which live to plague the people long after the "reform" itself has become manifestly unwise or perverted and the need of it in any case has passed. When the "reform" is ill-conceived or unwise, but well popularized by persuasive demagogues, this evil is likely to be the more serious and damaging. The Federal Reserve System provides an excellent example of the former type. The original Act, by the time it reached the statute books, had been so filled with political and other concessions and compromises that an almost all-wise administration would have been required to make the system work as a reasonably unmixed blessing. The fact is, that due to various causes degenerative changes in the law began almost at once and the attitude of the Treasury was almost from the very first anything but wise and far-sighted. The net result is that the sytem as it operates today is so far removed from the original conception of its creators and original sponsors, as to be all but unrecognizable. Yet it is widely, indeed all but universally, regarded as one of the outstanding financial "reforms" of modern times, and various and sundry terms popularized meanwhile in connection therewith are constantly applied in ways and to conditions wholly foreign to the orthodox theories upon which the system was supposed to have rested—and by many supposed still to rest.

Some of the other Wilsonian "reforms" have had a similar history, as attest the sallies into the field of anti-trust legislation and rural credit. All this, however, is now overshadowed by "reforms" of much more recent vintage, which, apart from their own unworthiness in the first place, have created slogans, fetishes, and misconceptions which

(Continued on page 1246)

But Will Ickerian Phrases Help?

The enemy is the American divisionist—the American who fears or hates our allies in this war more than he trusts and loves his fellow-citizens; the American bigot who fears the beliefs of the Russian people more than he trusts the beliefs of the people of America and who would willingly see the United States destroyed if Russia could be destroyed in the same disaster; the American patriot whose patriotism is directed not to the United States but to the country of his European origin; the American with the ineradicable immigrant mentality who would rather see this country overwhelmed than see it aided by a nation his father or his grandfather once hated in another country and another time.

The enemy is the American partisan who would win his partisan victories at any cost of suffering or defeat to his own country—the newspaper publisher to whom treason itself is not detestable if by treason he can injure those he hates; the vindictive politician who would pay his scores off in his country's blood; the reckless and revengeful few who would not hesitate to strike the object of their passion across the children's bodies and their nation's shame. * * *

The man who attempts, through his ownership of a powerful newspaper, to dictate the opinions of millions of Americans—the man who employs all the tricks and dodges of a paid propaganda to undermine the people's confidence in their leader in a war, to infect their minds with suspicion of their desperately needed allies, to break their will to fight, is the enemy, not of the Government of this people, but of its people—and, most of all, the people he deceives the most: his readers.

The politician who serves for years as the principal propagandist of the nation that this country is secure from all attack, and who, later, when attack occurs, gloats at his country's losses, saying "I told you so, I told you so," is the enemy, not of the administration or its officers, but of the people he has misled once and would again. (Etc., etc., etc.)
—Archibald MacLeish.

Can Mr. MacLeish suppose that such an Ickerian farrago of evident ill-temper and obvious politics will contribute to the cure of the infirmities he sees, or thinks he sees?

Guthrie Resigns From WPB; Inquiry Ordered

A three-way investigation has been started into the resignation of Robert R. Guthrie, head of the Textile, Leather and Clothing Branch of the War Production Board, and two of his aides "because of the conditions that exist within the WPB." Mr. Guthrie is said to charge that his efforts to hurry the conversion of as many industries as possible to the war effort have met with continued resistance "by the representatives of the affected industries now working within the WPB." Resigning with Mr. Guthrie were George P. Doherty, his executive assistant, and Marshall Hale, Jr., Deputy Chief of the branch.

Donald M. Nelson, Chairman of the WPB, has directed John Lord O'Brien, WPB General Counsel, to investigate the charges made by Mr. Guthrie and has also requested the special Senate Committee investigating national defense, headed by Senator Truman (Dem., Mo.) to make its own inquiry "in view of the public importance of this matter." Mr. Nelson, in a letter to Senator Truman, said that "personal conflicts" had developed between Mr. Guthrie and members of his staff in the Textile Section and had reached the point where it was impeding that part of the war production effort." His letter further said in part:

> After reviewing the situation it was decided last week to separate the textile section from the other two, retaining Mr. Guthrie in charge of leather and clothing. For the textile section it was proposed to bring in a new man who would be wholly impartial and free from any involvement in the conflicts which had been impeding the work. Mr. Guthrie took the position, however, that this would be unsatisfactory to him and thereupon resigned.

The House Military Affairs Subcommittee on war materials, under Representative Faddis (Dem., Pa.), started its own investigation on Mar. 19. Testifying on that day before the group, Mr. Guthrie said that frequently decisions of dollar-a-year men in the WPB were influenced by their prive business connections. The specific reason for his resignation, Mr. Guthrie stated, was his inability to control his own appointments and make his own decisions, and Mr. Nelson's decision to split his section so as to remove textiles from its jurisdiction.

Meanwhile, Ben Alexander, former President of the Masonite Corp. of Chicago, an assistant bureau chief in the WPB's Division of Industry Operations, has taken over Mr. Guthrie's work temporarily.

Decorate Envoy To Russia

Admiral William H. Standley, former Chief of Naval Operations and newly-appointed Ambassador to Soviet Russia, received on March 18 the Navy Distinguished Service Medal from President Roosevelt. Admiral Standley, who will soon leave for Moscow, was decorated "for exceptionally meritorious service to the Government of the United States in duties of great responsibility during his distinguished career as an officer of the Navy."

Attending the ceremony at the White House were Admiral Ernest J. King, Commander-in-Chief of the United States Fleet and Chief of Naval Operations, and Captain J. H. Duncan, Admiral Standley's naval aide who will accompany him to Russia.

Admiral Standley was named to the Moscow post by the President on Feb. 9 and the Senate approved the nomination on Feb. 13 (as mentioned in our issue of March 5, page 952).

Editorial—

Report of United States Steel Corporation

The annual pamphlet report of the United States Steel Corp., issued March 19, discloses that the net income of the corporation and its subsidiaries amounted in 1941 to $116,171,075, compared with $102,211,282 in 1940. After payment of like dividends for both years, there was left a balance for future needs of $56,138,390 in 1941, compared with $42,178,597 in the preceding year. The dollar volume of sales in 1941—$1,620,515,110, was the biggest in Steel's history; but reflecting the effect of unchanged scheduled prices of principal products in the face of increased tax, wage and material costs, the net income for 1941 was 41% less than for 1929. Cautioning that the 1941 net income cannot be regarded as typical earnings, Irving S. Olds, Chairman of the Board of Directors, stated: "Income in 1941, after income taxes and all charges except interest on funded debt, amounted to 7.02%—as compared with 6.99% in 1940—of the value of the net assets, the latter being the total assets less current liabilities. The average return for the five year period 1937-1941, on this basis, was 4.59%, while for the ten-year period 1932-1941, which included the deficit years of 1932, 1933, 1934, and 1938, the average return was equivalent to 1.85% of the value of the net assets."

Direct and indirect demands for defense and lend-lease needs have reached the equivalent of more than 75% of Steel's current steel shipments, Mr. Olds disclosed. He stated that throughout 1941 "the entire resources and facilities of the corporation and subsidiaries have been at the call of the Government."

"The Government during the year has availed itself of the facilities of the subsidiaries of the United States Steel Corp. to the extent of taking a substantial part of their production and will take an even larger part of their total output in 1942 to meet the basic needs of the nation," Mr. Olds explained. Steel production for military, naval, and other national emergency needs have been accelerated in every practical way, said Mr. Olds. Referring to U. S. Steel's policy of full cooperation with the Government, the Chairman indicated that certain subsidiaries have undertaken the construction of vast additional steel-making and finishing facilities, as a part of the steel expansion program deemed advisable by the Government. A major portion of this expansion is being done at the expense and for the account of the Government.

The 1941 report enumerated a wide variety of products being manufactured by subsidiaries of U. S. Steel for war purposes. In addition to all kinds of rolled and finished steel, the list included naval, maritime and other ships, armor and protective deck plate, bomb casings, unloaded shells, shell forgings, gun firing mechanisms, military pipe lines, naval propulsion equipment, submarine cable, torpedo impulse flasks, fabricated landing mats, wire netting for camouflage, steel for cartridge clips and bullet-core steel.

During 1941, U. S. Steel disposed of the largest volume of products and services in its history and received for them the largest sum of money in its history. It paid to its workers not only the highest hourly wage but also the highest average annual wage in its history. Dividends paid for 1941 were in exactly the same amount as for 1940—that is, for the preferred stockholders the stipulated annual dividend of $7 a share and for the common stockholders, dividends amounting to $4 a share. The common stock dividends for 1940 and 1941 were, except for a small payment for the year 1937, the only payments made to common stockholders in ten years. Operations for the year 1941 may be described thus: Products and services sold (including $3,000,000 from miscellaneous other sources) $1,623,000,000 or $5,336 per worker. Out of this Steel paid $609,000,000 for products and services bought from others or $2,000 per worker, $191,000,000, or $629 per worker, was contributed for local, State and Federal tax, $96,000,000, or $315 per worker, went for wear and usage of facilities and $6,000,000, or $20 per worker, went to pay interest on borrowed money. This left $721,000,000, or $2,372 per worker for wages, salaries and pensions for workers which consumed $605,000,000, or $1,990 per worker, after which $60,000,000, or $197 per worker, was paid out in dividends, leaving $56,000,000, or 185 per employee, which the directors left in the business for future needs. Comparing the results of 1941 with the year 1929 we note the following: The balance remaining was 56% of the total receipts in 1929, compared with 44% in 1941. In 1929 employees received 68% of the balance remaining, and in 1941 employees received 84%. In both years the preferred stock owners received $25,000,000. The common stock owners received $64,000,000 in the earlier year, as against $35,000,000 in the later year. There was set aside for future needs in the earlier year the sum of $109,000,000 as against $56,000,000 in 1941. It thus appears that, in 1929, the results of a large volume of business were shared by the employees and the owners; in 1941, the results of a large volume of business were shared to a lesser extent by the owners.

The 1902-1941 trend is for government, through taxes, to participate heavily in the proceeds in good years and somewhat less heavily in bad years; for workers as a group to share heavily in good years to lose heavily in bad years; for owners to share lightly in good years and to lose heavily

Editorial—

Gold, Gold, Shining And Cold

New aspects of the gold problem appear from time to time, with stimulating effect upon the unending controversy as to the fate and future of gold as money. Evidence accumulates that gold is playing a lesser role in the current war than in past conflicts. In some quarters the glib assumption is made that the metal is likely to lose its importance as a currency base, both in war and peace. Such conclusions are not impressive, when contrasted with the monetary history of some thousands of years, which affirms steadily and inevitably the primacy of the yellow metal.

When convertibility was abandoned everywhere in the world during the depression of the 1930's, a long step was taken toward whatever currency developments will eventuate hereafter. Throughout most of the 1930's, gold still retained its function of settling many international accounts, although barter was the necessitous resort of some countries. Under the stress of war international gold settlements have diminished, and there is now even a tendency toward curtailment of gold production with a view toward concentration of mining efforts upon more strategic materials.

From Jackson, Cal., came a report last week which put the matter neatly. The Argonaut gold mine, in operation since 1850, is about to close, it seems, because renewal of equipment and supplies will not be possible through lack of priorities. Mines producing only gold and silver are not to be favored by our Washington dispensers of priority ratings.

Those aware of the trend were far from surprised by this incident, which merely emphasizes conclusions that possibly are international in scope. A joint United Nations policy on explosives and other mining supplies previously was reflected by South African concern over available equipment and materials, and by reports that a mission from the United States is proceeding to South Africa with a view toward greater production of more vital war minerals, even at the expense of lessened output of gold. Positive Anglo-American action along this line has for some time been indicated, and a considerable lowering of gold production for the duration is likely. Mining circles also are aware, on the other hand, that priority denials will be reconsidered in cases where undue hardship might follow the curtailment or halting of gold production in individual mines.

The Lend-Lease Act arrangements, coupled with the gargantuan effort needed to win this war, are the obvious occasions for this international tendency. Transfer of gold simply was obviated under Lend-Lease dispositions between the United Kingdom and the United States. The logic of the situation also called for a diversion of effort from gold production to minerals needed on the firing line, in these circumstances.

Undue pessimism as to the future of gold is hardly warranted, however, by a political-military arrangement of convenience which cannot be more than temporary. Lend-lease, it is true, has attained proportions which cannot possibly be adjusted hereafter through ordinary accounting, and it is to be hoped that actual achievements will follow the Anglo-American agreement of March 2, whereunder lend-lease aid will be adjusted, in part, through lowered barriers to the exchange and consumption of goods and services. This ultimate solution of the lend-lease problem can be viewed almost as a prerequisite to full international resumption of the gold standard.

The future of gold also is being safeguarded in other ways, possibly because there is nothing on the horizon which can take its place. Although lend-lease arrangements now are in effect between the United States and most Latin-American nations, they are not preventing the adjustment of favorable Latin-American trade balances through transfers of gold from our superabundant stock of the metal. The Treasury in Washington continues quietly to absorb gold, or to pay it out internationally, at the $35 rate. Eventually, one suspects, a resumption of convertibility will be the bulwark raised against the sort of inflationary phenomena induced by fear.

in bad years. Thus, in a bad year, 1938, participation was: government, $49,000,000; workers, $283,000,000; owners and future needs, $8,000,000 (loss); in a good year, 1941, participation was: government, $191,000,000; workers, $605,000,000; owners and future needs, $116,000,000. During five of the years, 1931-1941 inclusive, it was possible to accumulate $142,000,000 for future needs. During the remaining six years it was necessary to draw on the accumulations of the past to the extent of $253,000,000.

The report stated that U. S. Steel's shipments of rolled and finished steel during the year totaled more than 20,000,000 net tons—an all-time high and an increase of more than one-third over the shipments in 1940. The net tons of ingots produced by U. S. Steel subsidiaries also established an all-time record and represented an increase of more than one-fourth over the 1940 production. Rolled and finished steel production was maintained throughout the year in excess of full rated capacity, and ingot production was within a few points of full rated capacity. Important increases were made during the year in the rated ingot capacity of the steel producing subsidiaries.

U. S. Steel's gross capital expenditures for additions and betterments to its facilities aggregated about $111,000,000 in 1941, compared with $72,000,000 in 1940. Unexpected authorizations for all purposes at the end of 1941 amounted to $185,000,000, additional.

Loss of production, resulting from strikes and work stoppages during 1941, was estimated by the Chairman as the equivalent of 300,000 tons of steel, 5,000,000 tons of coal and 19 days of ship production. Employment by U. S. Steel averaged approximately 304,000 for the year 1941—a greater number of employees than in any year of its history, and representing an increase of 51% since 1938. The total payroll during the same period increased 113%. U. S. Steel paid out in the form of wages and salaries to employees the equivalent of about $1,647,000 for each day of 1941. Annual payrolls rose to a new high of $601,117,053, compared with the total of $438,621,292 in 1940 and with $420,072,851 in 1929. "Although the average number of hours worked per week in 1941 increased only 4% over 1940, and was still under 40 hours," said Mr. Olds, "average weekly earnings, amounting to $37.91, increased nearly 15% over 1940."

The total tax provisions of U. S. Steel in 1941 amounted to $191,000,000, or 124% more than in 1940. These taxes for 1941 were equivalent to $22 for each outstanding share of common stock. Concerning taxation, the Chairman expressed the hope that "the ability of American industry fully to serve the nation in this great emergency be not weakened by restrictive tax legislation." "A fundamental consideration," he said, "is that a method of taxation be provided which will result in maximum revenue towards meeting the war cost without curtailing production or undermining reserves required for the effective operation of industrial facilities. If taxes were to become excessive relative to income, they would become levies upon assets, which would result in a curtailment of ability to produce."

A feature of U. S. Steel's annual report is a series of photographs depicting operations at U. S. Steel plants with special emphasis on the manufacture of armor plate. The report has been reviewed by the Army, Navy and U. S. Office of Censorship.

The State Of Trade

Business activity is reflecting more and more the ever widening conversion from peace-time activities to war production. Latest advices from Washington state that industries with peace-time sales aggregating more than $5,000,000,000 and employing nearly 750,000 workers are in the process of conversion to the "all-out effort."

A survey—15 weeks after Pearl Harbor—showed 11 major lines of civilian production already under conversion of receiving drastic curtailment orders from the Government. At the direction of the War Production Board, most have this choice—they must change over to manufacture of arms and munitions entirely or disappear from the industrial picture for the duration of the war.

In total, the war effort now is employing almost 8,250,000 persons. Most of the converted civilian plants will require thousands of workers in addition to those on their present payrolls, observers state.

Most of the heavy industries continue to expand. This is especially noticeable in steel. New high production levels for the fourth consecutive week by the steel industry in this country are indicated in schedules for the current week announced by the American Iron and Steel Institute. The rate has risen to 99% of capacity, against 97.9% last week, according to the institute. This would indicate output of 1,681,000 tons for the latest period, against last week's production of 1,663,000 tons.

A month ago production was at 96.3% and output 1,635,000 tons. For the like 1940 week production was 1,610,700 tons.

Another indication of the expanding war effort is found in the increasingly heavy traffic handled by the railroads. Loading of revenue freight for the week ended Mar. 14 totaled 799,356 cars, according to reports filed by the railroads with the Association of American Railroads and made public recently. This was an increase of 28,659 cars over the preceding week this year, 39,749 cars more than the corresponding week in 1941 and 179,968 cars above the same period two years ago. This total was 131.11% of average loadings for the corresponding week of the 10 preceding years.

While electric power production showed a slight drop of 1% compared with the previous week, the gain over last year's figures for the same week is 12.5%, according to the Edison Electric Institute.

Retail business continues at high levels despite the income tax payment. The Federal Reserve Board estimated that department store sales in the week ended Mar. 14 were 24% higher than in the corresponding week last year.

In the week ended Mar. 7, sales were 28% above and in the four weeks ended Mar. 14, they averaged 24% more than in the similar week last year.

Department stores in New York City showed an increase in sales of 19% over last year during the week ended Mar. 14, according to the Reserve Bank of New York. This compared with a rise of 22% for the week ended Mar. 7.

The labor situation is again sharing the spotlight. A surprising development of the week was the warning to labor by both the President and Donald M. Nelson, Chairman of the War Production Board. President Roosevelt reminded labor that grave responsibilities go with its rights and privileges, as Donald M. Nelson, in the strongest statement on the subject yet made publicly by any Roosevelt administration spokesman, warned that if labor and management do not submerge their differences for maximum arms output the Government will have to impose rigid controls demanded by an indignant public.

Mr. Roosevelt's message and Mr. Nelson's speech were addressed to 500 delegates at an emergency conference of leaders of the Congress of Industrial Organizations, called by Philip Murray, CIO President, to combat restrictive legislation now before committees of both Houses of Congress.

Mr. Nelson warned that should restrictions come they might be difficult to remove even after the war. He demanded that labor abandon for the duration of the war the privilege of getting double-time pay for work on Sundays and holidays falling within a regular week. At the same time, he assured both labor and management that the Government would see to it that neither lost its rights and that no one would be permitted to "push any one around."

Shortage of skilled labor apparently is still the most troublesome factor for delay in war production, with shortages of raw materials following close behind.

This was reflected in a survey conducted by the House Naval Affairs (Vinson) Committee. On canvassing airplane producers holding Navy contracts, the committee found that all of the companies who were approached cited skilled labor difficulties as the basic reason. All but one cited raw materials shortages. And delays by subcontractors were given by several others.

None of the canvassed companies cited labor strikes as a delaying factor. The committee's findings are likely to result in some Congressional pressure on the War Production Board and war producers to press larger training programs. In view of the swift changeover to war production skilled labor difficulties are likely to grow considerably more acute before they improve, close observers state.

National Banks

The following information is from the office of the Comptroller of the Currency, Treasury Department:

BRANCH AUTHORIZED

Mar. 14—The Hazleton National Bank, Hazleton, Pa.

Location of branch: Borough of Weatherly, Carbon County, Pa.

Supreme Court Upholds Natural Gas Act On Federal Commission's Rate-Making Power

The constitutionality of the Natural Gas Act of 1938 was upheld on March 16 by the United States Supreme Court, which sustained an order of the Federal Power Commission requiring the Natural Gas Pipe Line Co. of America and the Texoma Natural Gas Co., both of Chicago, to reduce their rates $3,750,000 a year. It was pointed out in Associated Press advices from Washington March 18 that this was the first rate proceeding under the Natural Gas Act to reach the Court. The Power Commission said other cases pending before it involved companies with property valued at $1,000,000,000. It was also noted in the press accounts that the Federal Circuit Court at Chicago held the Act to be constitutional but set aside the rate reduction order on the ground that inadequate allowances had been made for "going concern value" and for amortization. The Supreme Court's action, the Associated Press observed, cleared the way for Federal agencies which regulate utility rates to limit them to a "fair return" on only so much of a company's capital as has been "prudently invested," a basis advocated by President Roosevelt. The high tribunal, it added, brushed aside a longstanding theory that the cost of reproducing the plant was an essential factor.

The text of the Act was given in these columns July 23, 1938, page 485, at which time a summary of its provisions was quoted. The Supreme Court decision, by Chief Justice Harlan F. Stone, declared (we quote from the Associated Press) that rate-making bodies were not bound "to the service of any single formula or combination of formulas" and that the only restriction upon their determination of a "lowest reasonable rate" was that the rate be "not confiscatory in the constitutional sense."

It is added that in a separate concurring opinion, Associate Justices Hugo C. Black, William O. Douglas and Frank Murphy went even farther and indicated that even a confiscatory rate could be legal. They argued that "rate making is a species of price-fixing" and that "legislative price-fixing is not prohibited by the due process clause" of the Constitution.

In calling upon the two companies to reduce their rates to $3,750,000 a year, the Commission, it is stated based its order on a total rate base of $74,420,424, and the companies asserted that an additional $8,500,000 should have been included in the rate base for "going concern value." The [Supreme] Court found that "the total value of the companies' plant, including equipment in excess of immediate needs when beginning business, has been included in the rate base adopted." As to the Supreme Court's conclusions, the Associated Press went on to say:

> If the rate regulation had been imposed upon the companies in 1931 when they started in business, instead of seven years later when the law was passed, they would have been entitled to earn a fair return upon the value of the whole plant, including equipment in excess of immediate needs but installed for the future, the Court said.
>
> "But it does not follow," the opinion continued, "that the companies' property would be confiscated by denying to them the privilege of capitalizing the maintenance cost of excess plant capacity, which would allow them to earn a return and amortization allowance upon such costs during the entire life of the business. . . . Regulation does not insure that the business shall produce net revenues."

From the Associated Press we also quote:

> In a separate concurring opining, Justices Black, Douglas and Murphy expressed the opinion that "this is an appropriate occasion to lay the ghost of the 1898 decision (Smyth vs. Ames) which has haunted utility regulation."
>
> "As we read the opinion of the Court," the three Justices said, "the Commission is now freed from the compulsion of admitting evidence on reproduction cost or of giving any weight to that element of 'fair value.' The Commission may now adopt, if it chooses, prudent investment as a rate base—the base long advocated by Mr. Justice Brandeis. . . . There could be no constitutional objection if the Commission adhered to that formula and rejected all others."
>
> "There is no constitutional requirement," Chief Justice Stone said, "that going concern value, even when it is an appropriate element to be included in a rate base, must be separately stated and appraised as such. . . .
>
> "The Constitution does not require that the owner who embarks in a wasting-asset business of limited life shall receive at the end more than he has put into it." . . .
>
> Explaining that the Commission had found that 6½% was "a fair annual rate of return upon the rate base allowed," Justice Stone added:
>
> "The courts are required to accept the Commission's findings if they are supported by substantial evidence. We cannot say on this record that the Commission was bound to allow a higher rate."
>
> The Government contended that the reproduction cost varied from day to day, as the price of materials changed, while the amount "prudently invested" could be determined once and for all.
>
> "Since this case starts a new chapter in the regulation of utility rates," the three concurring Justices said, "we think it important to indicate more explicity than has been done the freedom which the Commission has both under the Constitution and under this new statute."
>
> The three Justices said the court's opinion "erases much which has been written in rate cases during the last half century."

Incidentally it is noted that the Commission said it adopted $74,420,424 as the proper rate base, while the companies urged $82,291,553. The Commission fixed 6½% as the fair rate of return. A claim by the companies for inclusion in the rate base of $8,500,000 for "going concern value" was disallowed by the Commission. It also said it allowed only $1,557,852 as an annual charge for amortization or depreciation as contrasted with $5,100,732 sought.

Chem. Industry Meeting

A meeting of the American Section of the Society of Chemical Industry, jointly with the American Institute of Chemical Engineers, will be held tomorrow, March 27, at the Chemists' Club, 52 East 41st St., New York City, with the Chairman, Dr. Lincoln T. Work, presiding. The topic of the evening will be "Vitamins." Dr. Lela E. Booher of the Milwaukee Children's Hospital will speak on "Chemistry and Nutrition of the Vitamins." This will be followed by a speech by George Merck, President of Merck & Co., Inc., on "Synthetic Vitamins, A New American Industry." A dinner will be held at the club preceding the meeting, starting at 6:45 p.m.

President Creates War Relocation Authority

President Roosevelt established on March 18 the War Relocation Authority in order to provide a program for those persons removed from designated military areas in the interests of national security. Directing this new agency, which was created by executive order, is Milton S. Eisenhower, a former land use coordinator of the Department of Agriculture.

In effectuating such a program the President's order gives the Director authority to provide for the relocation of such persons in appropriate places, provide for their needs in appropriate manner, supervise their activities and provide for their employment at useful work in industry, commerce, agriculture or public projects.

The order supplements the one issued Feb. 19 which gave the Secretary of War power to prescribe military areas "from which any or all persons may be excluded." (See issue of March 5, page 951.) The order provides for avoiding duplication of evacuation activities by stipulating that the WRA Director first must obtain approval of the Secretary of War before undertaking any evacuating activities within military areas.

A liaison committee on war relocation is set up within the WRA to assist the Director with his duties. It shall consist of the Secretaries of War, Treasury, Agriculture, Labor and the Attorney General, the Federal Security Administrator, Director of Civilian Defense and the Alien Property Custodian.

January Advances To Home Owners Steady

Within 1% of the figure for the same month a year ago, the savings, building and loan association advances to home-owners in January totaled $79,533,000, the United States Savings and Loan League, Chicago, reported on March 21. It is added that the demand for financing of home purchases was 20% greater than the previous January and was maintained close to its late 1941 level. Meanwhile construction loans, at least 60% of them obviously in Defense Housing areas, still took practically the same proportion of savings and loan January lending as they had the same month two years ago, although definitely less than in 1941.

Morton Bodfish, Executive Vice-President of the League, said that while total loan volume was less than in any month of the past year, it was conspicuously greater than in the early months of 1940, which year was sufficiently active in the lending business to mark a ten-year peak. Also he noted that the disbursement as the current year began was nearly twice as large as was characteristic three to five years ago.

FDR Foresees No Labor Shortage Before Fall

President Roosevelt expressed the belief on March 20 that a shortage of skilled war production labor may develop in the Fall. The President told his press conference that no new machinery is being planned at present for the mobilization of industrial manpower. He also read statistics from a letter from War Production Chief Nelson showing that in February the average number of hours worked in war industries was above the standard 40-hour week. Mr. Roosevelt also cited figures to show that more man-days of work are lost through industrial accidents and illnesses than through strikes. He appealed for more care in the performance of work.

Editorial—

Man Wanted

The President, by Executive Order entered on Saturday, March 21, has now expropriated 239 miles of railroad in Illinois, belonging to the Toledo, Peoria and Western Railroad Company, and made the United States responsible for efficient operation and maintenance, as well as for eventual just compensation in full settlement for any resulting injuries consequent upon the seizure. He has ousted the agent of the owners, whom they elected to place in charge of their property, and substituted John W. Barriger, III, who has made a creditable record as an employee of the Pennsylvania Railroad, of Kuhn, Loeb and Company, the international bankers, as an assistant of Calvin Bullock, investment trust sponsors, and under the Reconstruction Finance Corporation. For the moment, that was the easy course. Some 104 of the railroad's engineers and trainmen, belong to unions supposed to be politically powerful, had been on strike since December 28, last; although they had been replaced by competent employees and the railroad for a while had been efficiently operated without them, they had continued to protest vehemently; lawfully issued injunctions forbidding violence and mass-picketing emanating from courts of competent jurisdiction were being defied and nothing done to compel obedience; trainmen had been fired upon from ambush and several seriously wounded; men willing and anxious to operate the railroad were being threatened and intimidated. In short, the sinister and subversive forces always ready to grasp at opportunity to undermine the American and democratic way of life had emerged from the subterranean hiding places where they always lurk and the defensive agencies of organized society were remaining supine and inert.

The President asserts that there exists an agreement, binding upon both the employees and the employer, providing that there shall be neither strikes nor lockouts during the present war, and, also, he insists that complete operation of this railroad is essential to the war effort. Of course, there is, and was, such an agreement; and obviously it was flouted and broken by the 104 employees when they went out on strike in December and every day that they remained on strike. Nevertheless it is now announced that the recalcitrant 104 will be re-employed, "with certain exceptions," presumably of those still incarcerated under accusations of murderous assault upon their successors, and that the alleged grievances which they contend caused them to abandon their employment and their public obligations will be arbitrated between the new management and the strikers. If the further proceedings accord with past experience, the interloping management will acquiesce in a nominal "arbitration" under which the strikers will be "awarded" all, or something more than they originally asked for, that is to say, considerably rewarded for declining to abide by their agreement not to strike, and then the expropriated owners will be requested to receive back their property burdened by the precise increases in compensation and other requirements which they declined to accept before their responsibility was taken from them by threats of force. It is true that the management representing the owners had declined an arbitration urged upon them from sundry official sources. Perhaps their declination was not without warrant. Undoubtedly, they remembered that, but a few months ago, not all the influence of all the railroads in the United States sufficed to obtain enforcement of an award regularly entered under the same Federal auspices, after elaborate hearings and exhaustive investigation, because of the refusal of some union leaders to accept the judgment of the arbitrators, who have given the employers nothing and accorded a great deal to the employees, imposing heavy increases in the costs of operation, but happened not to have given all the employees quite everything that they had been promised by these unioneers. They likewise remembered, it is probable, that after the Interstate Commerce Commission had authorized certain increases in freight rates, as inadequate compensation for the compelled advances in wages, another agency of the Federal Government, not existing under any direct statutory grant of power but merely under an executive decree, had intervened and, with the express public approval of Mr. Joseph B. Eastman, head of the President's Office of Defense Transportation, had attempted to deprive these railroads of the authorized benefits essential to the solvency of even the most fortunate among them.

In a time of far less exacting public exigency, there was a man in the gubernatorial chair of Massachusetts. Calvin Coolidge was a man of few words, of clear vision, and of unflinching courage. When he spoke, it was to the point; his principles were those of simple rectitude; neither interest nor intimidation could drive him from any course dictated by his conscience and his vigilant sense of public duty. He was never awed or misled by visions of vast hordes of labor organized in unions and marching under the dictation of their union leaders to the ballot-boxes to cast into the urns votes dictated by arrogant officers of their organizations and opposed by their own sounder judgment and recognized interests. He knew that quaint vision to be the figment of the disordered imaginations of frightened and superficial politicians, but had it been otherwise, it could not have undermined his courage nor weakened his determination. At that time, Samuel Gompers possessed the whole of the leadership now divided among the mutually antagonistic heads of rival factions, William Green, Philip Murray, and John L. Lewis. The policemen of Boston struck, as a body; disorder, even pillage and rapine, threatened the municipality and its people. Gompers, unwisely, took up the cudgels in behalf of the recreant ex-servants of the public who had abandoned the community in their fatuous quest for selfish advantage. To Mr. Gompers, not awed or frightened by his loudly asserted influence with the voters, Governor Coolidge telegraphed:

> "There is no right to strike against the public safety, by anybody, anywhere, anytime."

The date was Sept. 14, 1919. Fourteen months later, Calvin Coolidge was elected Vice-President of the United States; in 1923 he succeeded to the Presidency; in 1924 he was triumphantly preferred for an elective term; and he certainly would have been re-elected in 1928, with great advantage to the public, save that he did not "choose to run." His brave words of 1919 rang throughout the United States, there was nowhere a dissenting voice nor a discordant note. The racketeers of unionism slunk away defeated, order was restored in Boston and was not again interrupted nor threatened. America, in an hour of need, had found and recognized a man; a President had been made.

Such words would have been appropriate last week. They would be appropriate today. They would meet many and threatening situations beyond that illustrated in the case of the small Illinois railroad. They will be longed for by patriots everywhere until they are heard. If they were uttered by any one in authority in the United States at this moment, they would echo resonantly in Berlin, in Rome, in Tokio. Hitler would hear them and shudder, Mussolini would listen and tremble, Hirohito would know that shattering defeat had been arranged for him. There would be demonstration of a new-born resolution in America, proof of a prowess not further to be weakened by disorganization at home. Can these dictators be expected to recognize the might of a remote Nation which hesitates over the problem of maintaining domestic order even when it is a vital necessity of its own self-preservation? Whither has vanished the calm courage, the clear perception, the wise determination which prevailed and was everywhere applauded in 1919? Why is there faltering and temporizing with the public safety in 1942, under greater exigency, which did not show itself and could not have been tolerated in 1919? Has the public safety, with the country surrounded by menacing foes and engaged in bloody warfare, become less precious? Have interests emerged and sprung to the surface since 1919 that are more demanding and insistent than any with which Calvin Coolidge dealt or which he overcame? Or has there developed in official leadership a new policy of domestic appeasement, applicable to special conditions of lawbreaking and violent disorder, originating within an especially favored group or groups? Has an unwonted timidity in the presence of particular subversive forces supervened in the highest places and come to dominate executive policies against the will and the interests of the Nation?

The Toledo, Peoria and Western is an important and valuable link in the transportation system of this country. There is no evidence that all its owners, creditors, and officers are not law-abiding and patriotic citizens, entitled to all the personal rights, including personal property rights, guaranteed by the Constitution of the United States and the four freedoms recently approved by the Atlantic Charter enacted by President Roosevelt and Premier Churchill. George Plummer McNear, Jr., the manager chosen by these owners, perhaps deserves well of his country. At least, he performed his whole patriotic duty as a soldier fighting in France with the American Expeditionary Force, from January, 1918, to May, 1919, while Mr. Roosevelt was manipulating, as much as he could, New York politics and serving as Assistant Secretary of the Navy. He is a typical American workingman, an able and successful product of its liberal institutions and its presently interrupted freedoms. Educated in the Universities of California and Cornell; serving, in engineering and construction work, sundry railroads and great productive enterprises; engaged for four years in the activities of a leading organization of consulting engineers; he was finally sent to rescue a railroad which even its creditors were about ready to abandon. He did rescue it, and he has been its president since the year 1926. Now, in his fifty-first year, his arduous achievements and long years of exacting and constructive toil have never been broken since 1913, except by his two patriotic years in the military service of his country during the First World War. A laboring man himself since boyhood, he has, in the direction of his railroad and in every other capacity, habitually got along excellently with labor, both organized and unorganized. Even now, the controversy that has led to bloodshed and expropriation involves no question of wages, the sole alleged grievance of those who undertook to stop the operations of the railroad by a strike arising out of the wording of a contract which it is claimed might, in some nebulous manner and at some uncertain future date, affect the so-called "rights of seniority" to the disadvantage of some individual employees.

It is not as well known as it ought to be that these peculiar "rights" are those under which an employee benefited by them is enabled to abandon the particular "job" in which he has been designated to serve and to demand and obtain, without let or hindrance from the employer, any job anywhere held by any other employee who chances to be his junior in duration of previous service. The employee thus ousted from his service is then said to have been "bumped" and must seek some other assignment, opportunity for which may not exist at all. This practice, as obnoxious to many employees as to all employers, may remove a competent and faithful worker from a position in which he is serving efficiently and well and contrary to the judgment and wishes of the railroad management substitute an inferior employee, less satisfactory to the public. Frequently, it enables men of the longest experience and highest capacity to evade assignments where these qualities are most required and to obtain soft and easy employment where their services have the minimum value. Ostensibly, at least, it was to secure such rights to a relatively few men that the covenant of orderly continuance in service during the war was broken and that the strike occurred. But the strike did occur; operation was interfered with by mass-picketing and murderous assaults upon men willing to work and doing their duty as they saw it. No government, local, State, or Federal, intervened successfully to protect the public peace; the President did intervene to take their property from its owners. It is said that the interruption of transportation thus resulting from violence permitted and disorder not restrained somewhat affected the war effort of the past two weeks. Quite possibly that is true. If it is true, so much the worse for the authorities who neglected their duties and did nothing effective to maintain the people's peace or to protect the war effort in the vast emergency.

Some men's thoughts must, in this situation, run backward of the year 1894. Grover Cleveland, the great and admired friend of Mr. Roosevelt's father, had then to meet, as President, a similar assault upon the integrity of the Government over which he presided, and he did meet it with characteristic promptness and the unflinching courage which he invariably exhibited when the public interest was under attack. There, also, was a man, a genuine man, equipped with manly resolution, unfaltering faith in the law-abiding and law-respecting character of the people of his country, and courageously determined always to do right in his high office, whatever the temporary or the permanent effect upon his popularity and whatever consequences might ensue at the ballot-boxes. Mob violence, taking advantage of a strike which affected all the railroads operating out of Chicago, undertook to incite and support subversive action. Sinister subtenance was accorded to the subterranean agencies of revolution by the acquiescence in violent disorder of the then Governor of Illinois, a member of the President's own party whose elevation to office and brief and discreditable public career rank among those fantastic incidents of general suffrage that might reflect injuriously if they were the rule instead of being, as they are, uncommon and inexplicable evidences of its rare and not very important aberrations. However, murder, mayhem, batteries, arson, and all forms of malicious and indecent interference with order became prevalent. Intimidation was rife, and all the evil manifestations of the unsocial few threatened to increase. The movement of trains was almost wholly interrupted throughout Illinois and was badly disorganized clear to the Pacific Coast. Men who tried to work were mauled and beaten, tracks were torn up, cars were derailed and burned with their contents, the mails could not be moved in and out of Chicago. Mr. Cleveland acted. He represented the dignity of the Nation and the majesty of its laws, democratically established and sanctioned. He would not compromise with law-breakers nor attempt anything towards their appeasement. The legitimate and lawful functions of the Government were opposed by disorder. He knew that he was compelled to act; and to act decisively and at once. The Federal government must function. The mails must be moved. Mr. Cleveland caused orders forthwith to issue to a regiment or two of the Army of the United States which were already stationed near Chicago. They were told in sharp, simple words to stop disorder, to preserve the public peace, to protect law-abiding citizens in their four freedoms and in their right to work, whether upon railroads some of whose employees were striking or elsewhere. He issued a proclamation, brief, pithy, and phrased in terms which no man could misunderstand and that no sane man could ignore, declaring that order would be restored and maintained, that the mails would be moved, that the Government of the United States lived and would function. In the course of it he warned every man who might be concerned that public interest, individual interest, and personal safety required abstinence from disorder, obedience to law, and that the determination of authority was implacable. And, with ominous clarity, he insisted that these warnings were intended especially to protect the innocent and well-intentioned who might otherwise, possibly, venture to the neighborhoods where the agents of iniquity presumed to gather with evil purposes. No more was necessary. The leaders who had supposed that they could incite disturbances without incurring personal responsibility retired out of sight or were arrested and incarcerated. Within less than a week, peace prevailed everywhere and the orderly operation of every American railroad had been restored. President Cleveland's wisdom and determination were acclaimed with scarcely a dissenting voice, and those few incongruous voices emanating from sources of ignorance or viciousness commonly recognized as contemptible.

Very easily, indeed, the histories of 1894 and 1919 might have been paralleled last week. Temporizing appeasement will not abate the evils weakly dealt with last Saturday, nor prevent inevitable repetitions until at last they will have to be met bravely, as Calvin Coolidge and Grover Cleveland would certainly have met them.

Treasury Revises Regulations Covering Restrictions Of Trading With Enemy Act

Regulations adapting the old 1917 Trading With the Enemy Act restrictions against trade and communications under war-time conditions to the requirements of the present war were issued on March 18 by Secretary of the Treasury Morgenthau in conjunction with Byron Price, the Director of Censorship.

In explaining the changes the Treasury's announcement said in part:

Communications Ruling No. 1, issued today by the Director of Censorship, removes many of the old 1917 restrictions on communication with the other American Republics and certain other areas. However, this ruling does not authorize the sending or transmitting of any communication to an enemy national. Communications must comply with all regulations issued by the Office of Censorship. The Office of Censorship pointed out that communications authorized by the ruling will be subject to censoring, the ruling simply permitting the mailing or transmitting of the letter or other message.

Under General Ruling No. 11, issued today by the Secretary of the Treasury, all transactions involving trade or communication with an enemy national are unlawful unless licensed under the freezing regulations. Moreover, no freezing control license will hereafter authorize transactions involving trade or communication with an enemy national unless the license expressly refers to this general ruling. However, the Secretary of the Treasury does have the power to license such transactions and an appropriate license under the freezing orders is also a license under Section 3 (a) of the Trading With the Enemy Act. In this manner the licensing procedure under the freezing orders is integrated with the trading with the enemy provisions of Section 3 (a) of the Trading With the Enemy Act.

Today's action by the Secretary of the Treasury also has the effect of synchronizing Communications Ruling No. 1 and General Ruling No. 11 so that the persons regarded as "enemy nationals" for communications purposes are also to be regarded as "enemy nationals" under the war-time prohibitions on trading with the enemy. The transmission of any communication to an enemy national requires a license or authorization from the Office of Censorship but only such communications as are an integral part of a trade, financial or other commercial transaction will also require a license under the freezing orders. Treasury officials stated that they would pursue their regular Foreign Funds Control policy of generally dealing with all phases of a transaction under one application rather than splitting up a transaction into one application on the communication phase and a different application on other phases.

General Ruling No. 11 also defines the terms "enemy national," "enemy territory" and "trade or communication with an enemy national." One of the principal effects of today's regulations is embodied in these definitions. They modify the old 1917 restrictions against trade and communication under war-time conditions by substituting the new concept "enemy national" for the old "enemy" and "ally of enemy" terminology of the last war. This change was made so that the public might be afforded a more precise understanding of the restrictions on trade and communications under war-time conditions. At the same time this change also permitted an effective adaptation of these restrictions to the pattern of the present war.

Under today's regulations persons may not trade or communicate with an "enemy national." This means that they may not trade or communicate with (a) enemy territory; (b) any person whose name appears on the "black list," i.e., The Proclaimed List of Certain Blocked Nationals, or any person acting for a black-listed person; and (c) representatives or agents of the Government of Germany, Italy, Japan, Bulgaria, Hungary or Rumania, whether situated within or without enemy territory. "Enemy territory" was defined as meaning the territory of Germany, Italy and Japan, together with the territory under their occupation or control. The principal areas falling into this latter category were listed by name as a convenience to the public.

* * *

The Treasury Department called attention to the fact that General Ruling No. 11 imposes an additional restriction in every general and special license now outstanding or hereafter issued under the freezing orders. The new general ruling has the effect of writing into every Foreign Funds Control license a restriction against any transaction which directly or indirectly involves any trade or communication with an enemy national after March 18, 1942.

Thus, for example, General Licenses Nos. 32 and 33 no longer authorize remittances to persons in enemy territory or any other remittances involving communication with an enemy national. Likewise, securities or trade transactions based on instructions received after March 18, 1942, from enemy territory or enemy nationals may not be effected under outstanding licenses.

One exception to the general restrictions was made. The general ruling does provide that it shall not affect outstanding specific licenses which expressly authorize transactions with Proclaimed List nationals. Officials explained that there were relatively few such licenses outstanding and that these represented special cases such as the Government of a Latin-American country undertaking to impose special local controls on the activities of a black-listed firm.

Upon the entry of the United States into the present war, the public telegraph and cable companies were instructed to submit to the office of the Naval Censor all telegrams, cablegrams, and wireless messages delivered to such companies for transmission out of the United States. Pending the announcement of a formal procedure under Section 3(c) of the Trading With the Enemy Act, the Treasury Department and the Office of Censorship authorized the delivery of messages to public telegraph and cable companies and such messages were passed upon by the Naval Censor and, if approved, authorized to be dispatched. This informal procedure was regarded by the Treasury Department and the Office of Censorship as licensed under Section 3(c) of the Trading With the Enemy Act. Communications Ruling No. 1, issued today, supersedes this informal arrangement.

Officials called attention to the fact that, subject to today's modifications, the prohibitions against trade and communication with the enemy appearing in the old 1917 Trading With the Enemy Act are still in effect and that persons violating such provisions are subject to heavy criminal penalties.

Funds For Americans In Enemy Territory

The State Department announced on March 12 that small amounts of United States Government funds will be advanced to American nationals in enemy and enemy-occupied territories, except the Philippines, sufficient to meet the ordinary needs of existence.

The advances, it is said, will be subject to repayment but will not be made to aliens, including alien spouses and alien children of American nationals. They will be limited in order to prevent foreign exchange becoming available to the enemy, it was indicated.

70,602 Freight Cars On Order By Roads Mar. 1

Class I railroads on March 1, 1942, had 70,602 new freight cars on order compared with 68,070 on Feb. 1, this year and 39,353 on March 1, 1941, the Association of American Railroads announced on March 20. Among the new freight cars on order on March 1 this year, were 40,117 box, 24,429 coal, 3,534 flat, 1,202 refrigerator, 300 stock and 1,020 miscellaneous.

The Class I railroads also had 651 new locomotives on order on March 1, 1942, of which 300 were steam and 351 were electric and Diesel, compared with 298 new locomotives on order on March 1, 1941. Those on order last year included 132 steam and 166 electric and Diesel.

The Class I roads put 17,405 new freight cars in service in the first two months of 1942, of which 9,262 were installed in February and 8,143 in January. Of the total number put in service there were 11,610 box, 5,424 coal, 202 refrigerator, 121 flat and 48 miscellaneous freight cars.

Railroads, in the first two months of 1942, also installed 115 new locomotives in service, of which 46 were steam and 69 were electric and Diesel. In the same period in 1941 they installed 81, of which 21 were steam and 60 were electric and Diesel.

Men 45-64 To Register; Drawing For 20-45 Group

President Roosevelt on Mar. 19 ordered that men between the ages of 45 and 64, inclusive, shall register on April 27 under the Selective Training and Service Act of 1940. The estimated 13,000,000 men affected by the order are not subject to military duty under terms of existing law.

In his proclamation, the President said that the new registration was "required to insure victory, final and complete, over the enemies of the United States." When this group is registered on April 27, only the 18-19 year class will be left unregistered. This latter group is likewise not subject to military duty but Congress decreed that they should be registered in the nation's manpower pool for other possible tasks.

In the first two registrations, Oct. 16, 1940 and July 1, 1941, over 17,600,000 men from 21 through 35, were listed and in the first wartime registration, Feb. 16, 1942, another 9,000,000 men between the ages of 20 and 45, who had not previously registered, became subject to possible military service.

The drawing of numbers for the 20 to 45 age group to determine the order of call for duty took place at Washington on March 17 with Secretary of War Stimson selecting the first of 7,000 green capsules. It was serial number 3,485. Secretary of the Navy Knox drew the second number and was followed by Congressional leaders and Army and Navy officers. The lottery lasted a little over 13 hours.

Finnish Bond Payment

The Finnish Legation at Washington announced on March 18 that as usual it had met the March sinking fund requirements and paid the interest on its 6% bond loan issued on Nov. 1, 1923, and due on Sept. 1, 1945.

This was reported in Washington advices of March 18 to the New York "Times", which further said:

> No Finnish credits in the United States, it was pointed out, are in default. Debt services are maintained punctually on Finnish bond loans floated by commercial banks in the American market, whether they are Government or other issues.

THE FINANCIAL SITUATION

(Continued From First Page)

stand squarely athwart the road to any sort of reasonable readjustment of conditions to the realities of our present situation. Some of the most pervasive, persistent and pernicious of these center about the so-called 40-hour week and overtime. So universally has it become accepted as a foregone conclusion that he who works "over-time" should be paid for such work at a rate higher than received for ordinary labor that practically no one ever pauses to gain a clear conception of the meaning of the word "over-time" and the notion of a 40-hour week has become so imbedded in the popular imagination that it often appears to be supposed that there is something inherently "right" or "proper" or "heaven-ordained" about a work-week of that length. Such strange preconceptions and such slovenly thinking are eternally confusing debate on the subject of needed revisions of existing laws and labor contracts, and blocking progress looking toward the establishment of a state of affairs under which war production could hope to meet the requirements which have been set for it.

What is "Over-Time"?

The American public would be well advised to do some quiet, very simple thinking about the fundamentals of these things. "Over-time" has, and can have but one meaning. That is time worked over and above the number of hours agreed upon or fixed by law as the maximum work period in any fixed lapse of time. The economic or other warrant for a higher rate of pay for such time obviously depends in the first place upon the propriety of the work period agreed upon or determined by law. "Over-time" can have no meaning except in relation to the number of regular work hours. If for any reasons these hours are unreasonably or unduly short, then penalty rates for "over-time" have no justification. There is nothing, and there can be nothing, to sanctify penalty rates for "over-time" merely because it is so denominated either in legislation or by agreement. They may be, and usually are enforceable by law, but that does not say that the law or the contract is wise and fitting.

It will not do, therefore, to assume that any employee is abused who is not paid a penalty rate for "over-time" work until inquiry is made concerning the length of the regular work week or work day. In considering all these matters there are really two questions at issue. One has to do with the regular work week and "over-time" arrangements as provided by law. The other to conditions arrived at by negotiations between each plant or each enterprise and its employees or their representatives. In official and political circles most current discussion at the moment concerns the terms of the Federal law which fixes 40 hours as the maximum work week and requires time-and-a-half payment for time in excess of these hours. Here let be observed that the provisions of this law apply to *all* establishments under Federal jurisdiction (with certain generalized exceptions). It is true, as the President appears to believe that the rest of us do not know, that there is nothing in the law which prevents a longer work week. It does, however, require penalty rates of pay for hours worked in excess of 40 hours in any week. Obviously the Act establishes a system which either limits production or renders production needlessly costly, a system which can not well be defended unless it can be shown that 40 hours per week is all that can be reasonably expected of a worker or that maximum production is attained under such a system.

One or two simple observations are in order before citing the history of the Act and adducing the testimony of its original proponents, its administrators and most of those who, at least until quite recently, have undertaken to defend it. The first of these observations is the fact that it applies a uniform work week to all industries and sorts of operations under its jurisdiction. Neither experience nor a priori reasoning could possibly warrant the supposition that maximum production in each and every industry and in each and every operation could be attained with the same length work week. Neither could it be reasonably maintained that in a great many occupations 40 hours is all that a worker could be expected to work, giving due regard to his health and general welfare. There may be some such occupations, but certainly there are a great many which do not fall into such a category. In fine, any uniform work week to apply everywhere is ipso facto lacking in realistic approach to the question. Certainly a 40-hour week is so lacking. The second observation is that by its very enactment and continuance upon the statute books, it sets up a sort of standard in the popular mind which is essentially unsound and harmful.

Original Purposes

Now there is no good reason to suppose that such factors as these were even considered when Congress, under whip and spur by the Administration, enacted the so-called Wage-Hour Act. The "objective" was of an entirely different order. Wage earners who constituted, and who still constitute, the back bone of the political power of the Administration, wanted a 40-hour week enacted into law. The Administration believed, and probably with warrant, that by the enactment of such a law, it would strengthen its hold on these elements in the population. Here, of course, we have the real reason for its appearance upon the statute books. If all we wish to know, is how it happened that the law was enacted, we should probably need go no further. It usually happens in such case, however, that the governing considerations are not the reasons cited in support of the measure in question. If we turn to the arguments of the proponents and early defenders of this measure we find this to be true in this instance, but we also find that the defense of the measure then used leaves it quite defenseless, at least so far as the length of the work week is concerned, now. Those were the days of rather more than extensive unemployment. The previous efforts of the Administration had made little real headway in eliminating unemployment. The "spread-the-work" idea had taken wide and firm hold upon the unions, upon the Administration, upon Congress, and, for that matter, upon the public. A very substantial portion of the employees of the country were working more than 40 hours a week. The general, over-all, governmentally imposed 40-hour week was brought forth as a means of making it necessary, or very nearly so, for employers to enlarge their working forces and thus reduce unemployment. Possible opposition and unrest on the part of men and women already at work was carefully avoided by interpreting the law in such a way as to prevent reduction in wages corresponding to the reduction in working hours. Administrators and others in places of influence have, one after the other, until quite recently, when the country began as a result of the war effort to face an existing or prospective serious shortage of labor, consistently opposed over-time, urging employers instead to hire more men and women.

An Indirect Wage Boost

But "reforms" are almost certain, once they gain a hallowed placed in the minds of politically important sections of the population, to live on long after the conditions they were designed to remedy or relieve have ceased to exist. To the politicians who would not lose any of their "labor vote" and to "liberals" who seem to think of any change in any so-called reform as "wrapping their liberalism up in moth balls to await a more convenient season," action in this matter is anathema. The very individuals and officials who at an earlier stage were opposed to over-time are now busily engaged in telling everyone who will listen that there is nothing in the law to prevent men working any number of hours, and defending the 40-hour arrangement as a method of increasing wages through penalty payment for work in excess of this period.

Whatever may have been true of the original defense of an over-all 40-hour week by government fiat, the arguments now advanced obviously will not hold water. Quite apart from the patent unwisdom of dealing with wage rates by this indirect means, the fact is that higher wages, whether obtained by means of penalty over-time rates or in any other manner, run directly counter to the price control, or "anti-inflation" policies of the Administration. Some of the leading spokesmen for the Administration have shown clear indications of at least a partial understanding of the relation between wage rates and prices. Even the President has been giving consideration to control of wages. He could scarcely in this connection be thinking of anything other than a means of preventing any general over-all rise in wages—precisely the sort of change defenders of the over-all 40-hour week appear to be advocating.

Moreover, the President apparently to the contrary notwithstanding, the hour restrictions thus imposed not only render production more costly, but definitely tend to aggravate labor shortages. Enterprises with war orders, able either by reason of comfortable profit conditions or else by passing the additional cost thus imposed on to the Government, can, of course, arrange hours to suit their convenience—at least so far as this law is concerned. Substantial sums would be added to the cost of the war effort and to the burden of debt and taxes we shall all have to carry for generations to come, but it could be done. But how about production for ordinary civil consumption? No matter what the extent of conversion or the degree in which the rank and file are called upon to sacrifice, a very large part, probably the larger part, of our endeavors must of necessity be devoted to keeping the home fires burning. Such activities are, of course, just plain, ordinary, competitive business, subject now, moreover, to price and other controls which render operations difficult. It is idle to suppose that these enterprises by and large can afford penalty rates of wages even for over-time. They must get along as best they may operating on "regular time" — 40 hours per week for the most part, since they are either subject to the Wage-Hour Act or in competition for labor with others which are. This obviously means that they must have more employes on their pay-rolls than otherwise would be necessary, which in turn means so many less men and women for war work. The demand for labor which *must* somehow be met includes a great deal more than that generated by enterprises with Government contracts.

So much for the rigidities imposed by law. With these eliminated, we should still have to deal with employes themselves, a very large number of them now, thanks to the efforts of New Deal reformers, organized into unions with aggressive and often very short sighted leaders. Moreover, the very enactment of the Wage-Hour Act and its enforcement, accompanied by all the propaganda that a propaganda-wise government has been able to bring to bear, has fixed in the popular mind the notion that there is something sacrosanct about 40 hours as a work week. How the unfortunate results of all this could be overcome, cr whether they could be overcome quickly—even in substantial part — and without precipitating costly strikes would depend in very substantial part upon the attitudes and efforts of the very political and reform elements who brought them upon us and who still retain large, if not controlling, influence in labor circles. Certainly it is reasonable to believe that gains of importance among unorganized workers could be achieved. As certainly more than this will have to be achieved if our full might is to be felt in the war effort. The first task is, obviously, to eliminate or to correct the general misconceptions which unwise "reform" in the past has created.

House Committee Hears Proposals For Sales Tax And Other Revenue Raisers

The financing of the war "through taxation to the greatest possible extent" was recommended to the House Ways and Means Committee on March 17 on behalf of the Commerce and Industry Association of New York (formerly the Merchants Association of New York). The Association's tax proposals were offered by Laurence A. Tanzer, Chairman of its Committee on Taxation and Public Revenue, who also recommended a retail sales tax of from 2 to 5% to be universally applied both has a revenue measure and to prevent inflation — no deduction for this tax to be permitted on income tax returns. Besides these two recommendations the further proposals of the Commerce and Industry Association were summarized as follows by Mr. Tanzer:

> 3. Although the Association has previously favored a withholding tax of 5% on incomes up to $5,000, it finds that Secretary Morgenthau's plan for a discretionary withholding tax of 10% has insuperable objections, the principal being that the rates are too high and that the collection as proposed would involve an intolerable burden and expense on employers.
>
> 4. Consideration be given, in levying new or increased taxes, to their effect on the ability of taxpayers to meet fixed obligations for life insurance premiums, mortgage interest, payments on homes, education needs, and sickness expense.
>
> 5. Approves Secretary's proposal for severe economy in non-defense Government expenditures, and approves recommendations of the committee headed by Senator Byrd on this subject.
>
> 6. Substitution for the excess profits tax of a war profits tax to expire within a limited time after the end of the war and to be so levied as to collect heavily from war profits but not to cripple industry.
>
> 7. Suggests graduated rates of war profits and permission for a corporation to use any three of the four years during the base period.
>
> 8. Rates to be graduated not on dollar income but in proportion to percentage increase over income base.
>
> 9. Expansion of relief provisions, as suggested by the Secretary, especially for new concerns, is approved.
>
> 10. Approves proposal to permit affiliated corporations to file consolidated returns.
>
> 11. Secretary's proposal that amount of corporate tax in excess of 80% be held for taxpayer and returned after the war held unsound.
>
> 12. Abolition of capital stock tax and declared value excess profits tax is approved.
>
> 13. Secretary's proposal with respect to life insurance exemption in estate taxes held confiscatory.
>
> 14. The proposal to tax income of State and municipal securities now outstanding held not in accord with good public morals.
>
> 15. Mandatory joint income returns for husband and wife held fundamentally unjust, immoral and discriminatory.
>
> 16. Approves correction of inequities in present tax law, as applied to individual taxpayers.
>
> 17. Urges low rates of tax on capital gains to encourage business activity and stimulate production of future income.
>
> 18. Taxation of alimony payments, to the divorced wife, is approved.

Arguing against a sales tax as a means of providing Federal revenue, Prof. William Withers of Queens College, New York, appearing as a representative of the American Federation of Teachers, and the Union for Democratic Action, said sales taxes were not easy to administer, were costly to collect and would induce a rise in prices. He is also quoted as saying:

> "Sales taxes also may cause increases in prices in excess of the amounts of the tax. If a poll were taken of 100 leading students of public finance, 95 of them would state that sales taxes are vastly inferior to income taxes as a device to prevent inflation."

According to advices to the New York "Journal of Commerce" from its Washington bureau, Albert G. Hart, Economics Professor at Iowa State College at Ames, Iowa, at the House Committee's hearing on March 17 advised:

> Adoption of a special "national defense tax," levied in addition to existing and proposed taxes, which would involve:
>
> 1. Exemptions for families of least $500 and for single individuals at least $250 below 1941 income tax levels.
>
> 2. Collection at rate of at least 20% of taxable income for the second half of 1941.
>
> 3. Provision for raising rates every three months if revenue is inadequate.
>
> 4. Fixation of final rates for 1942 at average of monthly rates, provided that defense tax plus 1942 income taxes should tax no dollar of income at over 90%.

From the "Journal of Commerce" account of the March 17 hearing we also quote:

> The National Canners' Association, through Henry P. Taylor, Walkerton, Va., canner, and W. B. Stokely, Jr., Indianapolis, Ind., canner, suggested two amendments to present tax laws. Mr. Taylor suggested that a full 100% of borrowed capital should be added to 100% of a company's own capital in estimating income credit, instead of estimates of income credit based on 100% of personal capita and 50% of borrowed capital. Mr. Taylor pointed out that, because of uncertainty of packs, crowding of work into short periods of each year while carrying inventories throughout the year, canners generally are in debt, and this amendment would help relieve them.
>
> Mr. Stokely said that profits taxes should be based on an earnings base, and not on an invested capital base, and such a provision should be incorporated in the new tax law.

In a proposal to the House Ways and Means Commitete on March 18, Clinton Davidson of Fiduciary Counsel, Inc. urges that the Government take 20% of 1942 corporation excess profit taxes in non-interest bearing defense bonds as a cushion against a possible post-war depression. United Press advices in the "Wall Street Journal" March 19 from Washington reporting this said:

> "The war will be followed by the worst depression this country has ever seen," Mr. Davidson warned, "unless proper post-war planning is done now.
>
> "The war has caused farmers to produce 2 billion gallons more milk than normal, 10 times the normal soy bean production and a 6,000,000 bale annual cotton production in excess of post-war needs.
>
> "European markets, which formerly took 40% of our exports, will be unable to pay for our goods. Shipyards, now employing more than 1,000,000 men will be idle as our tripled merchant marine will be larger than that of the entire British Empire of 1939."
>
> Employment of labor by automobile companies, Mr. Davidson said, probably wil shrink from 1,500,000 in 1943 to about 500,000. The aircraft industry, which in 1943 will out-produce the steel, automobile or textile industries of 1939, under the most favorable conditions, will leave 1,500,000 men unemployed when peace is signed, he predicted.
>
> The Treasury has recommended excess profits taxes in the highest bracket of 75%. Whenever these levies in addition to normal taxes and a proposed war surtax exceeded 80% of a corporation's earnings the Treasury would credit that excess to the corporation's account payable after the war.
>
> Mr. Davidson proposed a top excess profits rate of 65%, plus a 20% bond purchase which would bring the total effective revenue rate to 85%.
>
> The corporation would have a "back log" to meet its post-war adjustment under this plan, he said.

On March 19 the American Federation of Labor in its tax program presented to the Ways and Means Committee on March 19 included a recommendation that "surplus income of individuals and corporations should be taxed heaviest." This is learned from special Washington advices to the New York "Times" which in part added:

> The union asserted that payroll taxes should be confined to Social Security purposes, opposed Federal sales taxes on food, clothing and other necessaries and stated that present personal exemptions for single and married persons should not be lowered.
>
> The program advocated an excess profits tax on all corporate earnings above 6 or 7% of invested capital as recommended by the Treasury Department. It asserted that loopholes in the law "unfairly benefiting small groups of taxpayers" should be eliminated, favored increases in inheritance and gift taxes and declared that capital gains taxation should be reviewed and unnecessary hardships removed.
>
> "Excessive taxes which endanger the life of the American system of private enterprise should be avoided, even at the cost of paying a larger share of the war expense by borrowing," the program continued.
>
> Correlation of Federal, State and municipal taxation was urged, "all future Federal bonds should be subject to income taxes but there should be no Federal taxes on State and local government securities," and non-war expenditures of the Government should be postponed or curtailed "wherever possible without injuring important social services."

Dr. Joseph E. Goodbar in a memorandum presented to the House Committee on March 19 stated that the War Tax proposals should provide:

> Some $25 billion of additional revenue;
>
> Some $25 billion extra man-hours of war production work;
>
> Payment of most of the additional revenue from the proceeds of the extra production.

Dr. Goodbar also stated:

> Calculations are all made on the basis of a normal 40-hour working week, which seems to have become a basic feature of peace-time American life.
>
> The attached proposals leave virtually every worker in possession of his normal earnings from the normal 40-hour week; and will protect that income against the imminent rise in cost of living.
>
> Ten hours of overtime will be added, by nearly all workers, to their standard 40 hours; and payment for that overtime will be made to the Government in satisfaction of the War Tax they would otherwise pay in cash.
>
> Persons unable or unwilling to perform extra work would, save in exceptional circumstances, pay their equivalent war tax in cash; 25% of net incomes.
>
> Management's Part will be to rearrange all non-war working schedules to permit overtime for their employees. Eighty workers will then perform the work that now takes 100 persons; thus leaving twenty available for war activities.
>
> Restoration of the standard 40-hour week, when peace comes, will open up jobs again to as many as were released for war activities; and peace will in this way lose one of its present terrors of magnified unemployment. About ten million workers will be freed for war work—with no injury to our economic structure—and will be drawn back again to peace time work when war comes to an end.
>
> The twenty-five billion man hours thus made available for war production could more than achieve the President's program of plane and tank construction —leaving usual war workers free to magnify that program.

According to the New York "Times" two unscheduled witnesses, both members of the House, appeared before the committee. Representative Voorhis of California, one of the nine community property States, contended that the separate returns now allowed was a "loophole" in taxation and that a large part of the income in community property States was escaping taxation. He opposed a lowering of exemptions on personal incomes, or the imposition of a sales tax. These advices also said:

> Following him was Representative Francis Case of South Dakota, who urged that a Federal sales tax be imposed.
>
> Another witness was Clinton M. Hester, presenting the United States Brewers Association. He told the committee that the imposition of a new tax on beer would mean the end of a ten-cent beer.
>
> "The Government and the brewers are partners in this billion dollar industry," he added. "In the calendar year 1941 the partners divided 50% of the total sales value of the beer, the Government receiving $457,000,000 of this amount and the brewers receiving $44,000,000, or at the rate of $10 to the Government and $1 to the brewers. The other half of the sales dollar was used to buy the farm products, pay the wages and other costs necessary to make, sell and deliver the beer."

Earlier reference to sales tax and other revenue producing proposals appeared in our issue of March 19, page 1150.

FDR Asks More Funds For Naval Aviation

President Roosevelt asked Congress on March 16 for an additional $825,924,000 for the Navy, mainly for aircraft expansion. In reporting this United Press, Washington advices said:

> The request included authority for the President to permit the Navy to sell or transfer to any nation whose defense he deems vital to the defense of this country up to $18,000,000 in materials procured under the appropriation.
>
> He asked $700,924,000 in cash and the remainder in contract authorizations. Of this amount, $470,000,000 would be used for speeding up Navy aircraft production and expanding facilities in public and private plants. For ordnance and ordnance stores, he asked $183,692,000; for constructing ships and shore facilities for the Coast Guard, $21,400,000.
>
> The request also included $812,000 for protecting forests and forest industries against fire and $1,179,000 for protecting mineral resources and materials.

Heads Charity Group

Robert M. Harris of Harris & Bose, has accepted the chairmanship of the Commodities Exchanges division of the Special Gifts Committee of the Archbishop's Committee of the Laity for the 1942 appeal of New York Catholic Charities, according to an announcement made by John A. Coleman, of Adler Coleman and Co., who is Executive Chairman of the Special Gifts Committee. Former Governor Alfred E. Smith is General Chairman of the Committee. Serving as Vice-Chairman of the Commodities Exchanges division is Edward J. Wade of Wade Bros. & Co. Other members of the division are being appointed.

Toledo, Peoria & Western RR. Co. Seized By The United States—Strike Ends

President Roosevelt on March 21 ordered Joseph B. Eastman, Director of the Office of Defense Transportation, to take over and operate the Toledo, Peoria & Western Railroad Company upon receipt of a letter from George P. McNear, Jr., President of the road, in which he rejected recommendations to arbitrate the three-month-old strike. Mr. Eastman immediately appointed John W. Barriger, 3rd, Associate Director of ODT, as Federal manager of the company's property.

The Brotherhood of Railroad Trainmen and the Brotherhood of Locomotive Firemen and Enginemen then called off their strike, and Mr. Eastman announced that wages and working conditions in effect prior to Dec. 29, 1941, would be continued until the existing labor dispute is settled by the National War Labor Board, adding, further, that all employees applying for reinstatement will be given jobs without loss of seniority. The strike was ended by an agreement between Mr. Barriger and the railroad brotherhoods which became effective at 12:01 a.m. on March 25.

This is the first seizure by the Government of a railroad in this war.

The text of President Roosevelt's order follows:

> Whereas, the national interest and security demands that there be no interruption in the flow of goods essential to effective prosecution of the war, and
>
> Whereas, representatives of labor and industry, meeting at the call of the President, have agreed that there shall be no strikes or lockouts during the period of the war and that all labor disputes shall be settled by peaceful means, and, to further that agreement, the National War Labor Board has been established by Executive order No. 9017 to bring about the peaceful settlement of all such labor disputes, and
>
> Whereas, a labor dispute has existed between the employees and the management of the Toledo, Peoria & Western Railroad Company since Dec. 29, 1941, and has interrupted the transportation of goods essential for the prosecution of the war, and
>
> Whereas, the National War Labor Board, by order dated Feb. 27, 1942, directed that the dispute be submitted to arbitration under the terms of Section 8 of the Railway Labor Act, and the representatives of the employees have agreed thereto, but the company has refused and continues to refuse to submit the dispute to arbitration, despite urgent requests by the National War Labor Board and by the President that it do so; and
>
> Whereas, for the time being and under the circumstances set forth, it is essential that the Toledo, Peoria & Western Railroad Company be operated by or for the United States in order to assure successful prosecution of the war;
>
> Now, therefore, by virtue of the authority vested in me by the Constitution and laws of the United States and as Commander in Chief of the Army and Navy, it is hereby ordered:
>
> 1. The Director of the Office of Defense Transportation is directed to take immediate possession of all real and personal property, franchises, rights and other assets, tangible and intangible, of the Toledo, Peoria & Western Railroad Company, and to operate or arrange for the operation of such railroad in such manner as he deems necessary for the successful prosecution of the war, through or with the aid of such public or private agencies, persons or corporations, including the armed forces of the United States, as he may designate.
>
> 2. Such real and personal property, franchises, rights and other assets, tangible and intangible, of the Toledo, Peoria & Western Railroad Company as the Director of the Office of Defense Transportation deems unnecessary to carry on the operation of such railroad may, from time to time, in his discretion, be returned to the Toledo, Peoria & Western Railroad Company.
>
> 3. The Director of the Office of Defense Transportation shall manage or arrange for the management of said railroad under such terms and conditions of employment as he deems advisable and proper, pending such termination of the existing labor dispute as may be approved by the National War Labor Board. Nothing herein shall be deemed to render inapplicable existing State or Federal laws concerning the health, security and employment standards of the employees of said railroad.
>
> 4. Except with the prior written consent of the Director of the Office of Defense Transportation, no attachment by mesne or garnishee process or on execution shall be levied on or against any of the real and personal property, franchises, rights and other assets, tangible and intangible, of the Toledo, Peoria & Western Railroad Company in the possession of the Director.
>
> 5. Possession and operation hereunder shall be continued only until the President determines that such temporary possession and operation are no longer required for successful prosecution of the war.
>
> FRANKLIN D. ROOSEVELT.

Before signing the Executive order, the President had conferred at the White House with William H. Davis, Chairman of the NWLB, which had sought unsuccessfully to persuade Mr. McNear to submit his dispute to arbitration.

Emerging from the conference after the order had been issued, Mr. Davis issued this statement:

> This action has been taken after a delay of many days awaiting a reply from Mr. McNear. His answer, when finally received, raised the question of the authority of the Federal Government to settle the dispute and brought up again many issues which had been decided by the National War Labor Board. It also discussed the merits of the controversy which the Railway Mediation Board, the Director of Transportation, the Conciliation Service and, finally, the War Labor Board had recommended should be referred to arbitration.
>
> The War Labor Board proposed that any further review of the merits should be before an arbitration board. This was accepted by the employes; it was rejected by Mr. McNear on behalf of the railroad.
>
> In view of the refusal of Mr. McNear to arbitrate, there seemed no other possible action except to take over the operation of the railroad.

The history and significance of this case was recited in the final appeal of the National War Labor Board sent to the Toledo, Peoria & Western Railroad Company, which was given in the "Commercial and Financial Chronicle" of March 19, page 1163.

Federal Reserve Board Reports Industrial Activity Up Further In February

Industrial activity increased further in February and the first half of March, the Board of Governors of the Federal Reserve System reported on Mar. 23 in its monthly summary of general business and financial conditions in the United States. Retail trade was sustained at high levels and commodity prices continued to advance. The Board's summary goes on to say:

Production

In February the Board's seasonally adjusted index of industrial production rose from 171 to 173% of the 1935-39 average. As in other recent months, activity in the durable goods manufacturing industries, where the majority of military products are made, continued to advance, while in industries making non-durable goods and at mines activity was maintained at about the levels reached last autumn.

Steel production rose to 96% of capacity in February and increased further to 98% in the third week of March—which corresponded to an annual rate of nearly 87,000,000 net tons. Lumber production also increased, following less than the usual seasonal decline during the previous two months. In the machinery and transportation equipment industries, now engaged mainly in armament production, activity continued to advance rapidly as plant utilization increased and capacity expanded. Conversion to armament production in the automobile industry, where output of civilian products was discontinued in early February, is apparently being effected much more rapidly than had been anticipated earlier.

There were further increases in output at cotton textile mills and at chemical factories, reflecting an increasing amount of work on military orders. At meat-packing establishments activity was maintained near the high rate reached in January. Shoe production increased by less than the usual seasonal amount. Anthracite production rose sharply in February and bituminous coal production was maintained near the high rate of other recent months. Output of crude petroleum, which had been at record levels in December and January, declined somewhat in the latter part of February and in the first half of March, reflecting transportation difficulties.

Construction

Value of construction contract awards increased considerably in February, according to figures of the F. W. Dodge Corp., owing mainly to a sharp rise in awards for public projects. Total awards in February were half again as large as last year and public awards were about three times as large.

In non-residential building, awards for public projects increased materially, while those for private projects continued to decline. There was a slight rise in awards for public utility construction.

In residential building, contracts for private work changed little from January, while those for publicly-financed projects increased sharply and amounted to about half of the total for the first time on record. For the past six months there has been a noticeable shift in privately-financed housing activity from building for owner-occupancy to building for sale or rent; in February, awards for the former constituted only about one-fifth of the small-homes total. This shift is attributable mainly to the activity in defense areas and to legislation enacted last Spring making possible the insurance of mortgages taken out by builders.

Distribution

Value of retail trade continued large in February. Sales at general merchandise stores and variety stores increased more than seasonally, while sales at department stores declined. In the first half of March department store sales increased by about the usual seasonal amount.

Freight-car loadings, which in January had been unusually large for this time of year, declined somewhat in February owing to smaller shipments of coal, grain and miscellaneous freight.

Commodity Prices

Wholesale prices continued to advance from the middle of February to the middle of March, particularly those for finished consumer goods such as meats, fruits and vegetables, shoes, clothing and household items. Temporary maximum price orders were issued covering wholesale prices of some of these products, including pork, canned fruits and vegetables, finished cotton and rayon fabrics, cotton rugs and bedding equipment. These orders, according to statute, used as maximums the prices prevailing within five days prior to issuance. They are effective for only 60 days and may be replaced by regular schedules.

Treasury Financing and Bank Credit

In March income tax receipts by the Treasury for the first time reflected the higher schedule of rates. The effect of these receipts on the money market was largely offset by redemption of Treasury bills previously issued to mature during the tax collection period, by tax-anticipation notes turned in on payment of taxes, and by continued heavy Treasury expenditures. As a consequence, a record volume of Treasury operations was effected with little influence on conditions in the market. Excess reserves of member banks showed no large change and on Mar. 18 amounted to about $3,200,000,000.

United States Government obligations held by member banks in leading cities showed little change during the first three weeks of March following a sharp rise in February. Commercial loans increased further.

United States Government Security Prices

Prices of United States Government bonds advanced steadily from the middle of February to the middle of March. Long-term taxable bonds yielded 2.35% compared with an average of 2.39% in February. Prices of short-term securities have held steady since the first of the year, with Treasury bills selling at around .20%.

China To Issue Bonds

Savings bonds in United States dollars, to be purchased either with American currency or Chinese national dollars at the official rate of about 18.70 Chinese dollars to $1, are to be issued, it was announced semi-officially in Chungking on March 14, according to the Associated Press, which also reported:

> The bonds would be secured by American and British loans to China totaling $700,000,000. Financial circles hoped the bonds would open a new field of investment, serving to absorb floating capital and stabilize commodity prices.

President Proclaims April 6 As Army Day

President Roosevelt on March 20 proclaimed April 6 as Army Day and called upon the people to observe the occasion "by honoring our citizen soldiers and giving special thought to the great responsibility for contributing unstintedly of their effort and of their means in order that our armed forces may be adequately equipped for victory." The President said that the American Nation, "aroused by Axis treachery and repudition of all the ideals of honor and truth and decency which as a free Nation under God we cherish," had taken steps to mobilize a citizens' army from all walks of life and was preparing "to achieve that victory upon which may be built a firm structure of peace and freedom." He added that "it is fitting that those of us who labor behind the lines to replenish the arsenal of democracy should firmly resolve to spare no effort which may contribute to the speedy creation of the arms and supplies indispensable to the citizens' army."

In a statement accompanying the proclamation, Mr. Roosevelt pointed out that the United States is fighting "an all-out war in defense of our rights and liberties" and that "Army Day becomes, therefore, in fact a total-war day." The President's statement follows:

> I have proclaimed April 6 Army Day. That day means more than ever to us this year. We are fighting an all-out war in defense of our rights and liberties.
>
> Army Day becomes, therefore, in fact a total-war day. It becomes a day when all of our citizens in civil pursuits can rally to the support of our armed forces, for only in the united effort of all of our forces —army, navy and civilians— can we find the strength to defeat our enemies.
>
> Never before in the 166 years of our history as a free republic under God have our armed forces had so much meaning for us all. We are engaged in our greatest war, a war that will leave none of our lives wholly untouched.
>
> We shall win that war as we have won every war we have fought. We are fighting it with a combined force of free men that is, in Lincoln's words, of the people, by the people, for the people of the United States of America.
>
> Our army is a mighty arm of the tree of liberty. It is a living part of the American tradition, a tradition that goes back to Israel Putnam, who left his plow in a New England furrow to take up a gun and fight at Bunker Hill. In this tradition American men of many ages have always left the pacific round of their usual occupations to fight in causes that were worth their lives—from Lexington to the Argonne.
>
> In times of peace we do not maintain a vast standing army that might terrorize our neighbors and oppress our people. We do not like to rehearse interminably the cruel art of war. But whenever a tyrant from across the seas has threatened our liberties our citizens have been ready to forge and use the weapons necessary for their defense.
>
> It is the men of the regular army together with the citizen soldiers, our friends and relatives and neighbors of a few short days ago, and the men of all our armed forces, that we honor on Army Day.

New York State Factory Employment Higher In Feb. Due To Defense, Garment Industries

Factory employment in New York State increased by more than 2% between the middle of January and the middle of February, according to a statement issued March 14 by Industrial Commissioner Frieda S. Miller. Total payrolls advanced by more than 3%. These increases, says the Commissioner, were due primarily to seasonal activity in the apparel industries coupled with further expansion of defense production. A few industries adversely affected by Government restrictions on raw materials reported fewer people at work in February. Outstanding examples of such industries are the sugar refineries and some of the rubber industries. These statements, it is added, are based on preliminary tabulations covering reports from 2,455 representative manufacturers who employed a total of 583,429 shop workers in February on a weekly payroll of $21,531,165.

The Commissioner's statement further says:

> The New York State Department of Labor's index number of factory employment for February was 141.9 (preliminary). The index number of factory payrolls was 204.4(preliminary). These index numbers are computed with the average of the years 1935-1939 as 100. Prior to January of this year index numbers were computed with the average of the years 1925-1927 as 100. Reports for February indicate that approximately 16.4% more people found employment in the factories of the State this year than in February a year ago. Their combined earnings were 42.0% higher. Current reports on factory employment and payrolls are collected, compiled and analyzed in the Division of Statistics and Information, New York State Department of Labor under the direction of Dr. E. B. Patton, Director.

Factories Prepare For Easter Parade

The biggest increases over January were reported in the apparel industries. All branches of these industries and most of the related textile and leather goods industries were employing more people in February than in January. Within the group the biggest gains were in millinery, women's and misses' outerwear, women's undergarments and accessories and children's and infants' outerwear. Nearly all reporting firms in these industries were in the midst of their busy season. Many of them had made big increases in their working forces and overtime work was common.

Smaller gains were recorded for men's clothing and furnishings industries. * * *

Almost every industry in the metals and machinery group reported more employees and higher payrolls in February than in January. These gains were due to expansion of defense production. Increases were noted in ship and boat building and repairing, firearms and ammunition, aircraft and parts, tanks, and various and sundry other articles required for national defense. Several large defense plants reported lower payrolls in February than in January indicating that production in these plants failed to keep pace with expanding personnel. Metal products factories not engaged in defense production reported no increase in employment.

Most industries not closely related to the apparel industries and not engaged in the defense effort reported little change in employment between January and February. * * *

Industrial Districts

Among the major industrial districts, New York City reported the biggest percentage increase in both employment and payrolls. Approximately 5% more people were at work in New York City factories in February than in January. Seasonal activity in the apparel and leather goods industries accounted for most of this gain but more workers were hired also at shipyards, aircraft plants, instrument factories and at some other industries in the metals and machinery group. Defense plants in the Utica district continued to expand in February. Textile mills in that area also were busier. Most industries in the Albany-Schenectady-Troy district reported more employees and higher payrolls in February than in January. Gains in employment were especially good in the metal and textile industries. Both the defense effort and the spring season for clothing firms benefited Rochester industry. In Buffalo most of the new employment came from the defense plants. Payrolls there lagged slightly behind January. Shoe factories in the Binghamton-Endicott-Johnson City district reported increases in both employment and payrolls but most other industries reported fewer employees than in January. There was little net change in either employment or payrolls in the Syracuse district during the month.

	Percentage Change Jan., '42, to Feb., '42 (Preliminary)	
Locality—	Employmt.	Payrolls
Total State	+2.1	+3.3
New York City	+4.9	+6.9
Utica	+3.5	+5.1
Albany-Schenectady-Troy	+1.4	+0.4
Rochester	+1.3	+1.9
Buffalo	+0.7	—0.5
Binghamton-Endicott-Johnson City	—0.4	+2.3
Syracuse	—0.6	—0.2

Hollar Gets Defense Transportation Post

Appointment of Philip A. Hollar as Acting Director of the Section of Materials and Equipment, succeeding Col. Charles D. Young, was announced on Mar. 10 by Joseph B. Eastman, Director of Defense Transportation. Colonel Young, a reserve officer in the United States Army, has been called to active duty.

At the time of his appointment, Mr. Hollar was a member of the staff of the Association of American Railroads, serving as a special representative of the operations and maintenance department.

At the same time it was announced that eight consultants have been appointed to advise Mr. Hollar on technical matters pertaining to materials and equipment for various branches of the transportation industry. These consulants, and the fields to which they have been assigned, are:

F. H. Hardin—railroad, freight, passenger, and all other types of cars. Mr. Hardin is President of the Association of Manufacturers of Chilled Car Wheels, New York.

Jerome G. Bower—castings and miscellaneous items required in rail transportation manufacture and maintenance. Mr. Bower was formerly Eastern representative of the Buckeye Steel Castings Co., with offices in New York.

Charles T. Ripley — steam, Diesel and electric locomotives. Mr. Ripley is chief engineer of the Technical Board of the Wrought Steel Wheel Industry, Chicago.

H. L. Hamilton—Diesel engines for railroad propulsion equipment. Mr. Hamilton is Manager of the Electro-Motive Division of the General Motors Corp., La Grange, Ill.

Irving B. Babcock—buses, trucks, taxicabs and replacement parts. Mr. Babcock is President and General Manager of the General Motors Truck Corp., Pontiac, Mich.

Harold C. Davis—equipment and supplies for maintenance of buses and trucks. Mr. Davis is Vice-President of Consolidated Motor Lines, Inc., with headquarters in New York City and Hartford, Conn.

Robert F. Black—equipment on which production has been suspended, including buses, trucks, firefighting apparatus, road work equipment and work equipment for public utilities and communications companies. Mr. Black is President of the White Motor Co., Cleveland, Ohio.

A. L. Viles — rubber products, including tires, tubes, insulated wire, and belting and other mechanical rubber goods. Mr. Viles is President of the Rubber Manufacturers Association, Inc., New York City, and chairman of the buying committee of the RFC Rubber Reserve Co.

It is likewise stated that Carroll W. Brown has been appointed Assistant to the Director of the Section of Materials and Equipment. From 1933 to 1936 Mr. Brown served on the staff of the Federal Coordinator of Transportation as Assistant Director of the Section of Property and Equipment. Until recently he had been employed as an equipment engineer on construction work at the Ravenna, Ohio, Ordnance Plant.

Bicycle Manufacture Cut

The War Production Board on Mar. 13 ordered a curtailment in the manufacture of bicycles in order to save critical war materials.

The order (L-52) will result in the production of two-so-called Victory models, one for men and the other for women. They will be stripped of all non-essential gadgets and bright work.

The saving in critical metals and rubber will be achieved in two ways:

1. By reducing the number of bicycles, replacement parts and accessories that may be produced;
2. By entirely eliminating the use of some metals and sharply restricting the use of other critical materials in the manufacture of the bicycles, parts, and accessories permitted under the order.

The order is divided into two time periods, with different restrictions for each.

The first, called the "Restricted Period," covers the period from the date of issuance of the order, Mar. 12, to Mar. 31.

During that period bicycle manufacturers may not produce more than 42% of the number of bicycles they produced during a comparable period in 1941. None of the bicycles thus manufactured may weigh more than 47 pounds, as compared with an average weight of 57 pounds per bicycle before the issuance of the order

The manufacture of replacement parts and accessories during this same period is restricted to the number they produced during the same number of days in 1941.

The second period in the order covers the three months from April 1 to June 30. The restrictions are more severe than they are for the remainder of this month, and they set up the specifications for the so-called Victory models. The restrictions also eliminate all so-called juvenile models—bicycles with a frame measurement from the center of the crank to the top of the saddle post of less than 20 inches.

The elimination of juvenile models will make possible an increase in the number of adult bicycles In 1941 a total of 1,800,000 bicycles were built in this country, of which 85% were juvenile sizes. In other words, of the bicycles produced in this country last year, 1,530,000 were juvenile sizes and 270,000 for adults. Order L-52 limits production during this three-month period to 42% of the average monthly production in 1941, but with the entire 42% devoted to adult bicycles, the number will be considerably higher than adult bicycles manufactured during a similar period in 1941.

Specifically the average monthly production of adult bicycles in 1941 was 22,500. Under L-52 the number will be approximately 63,000 a month for the three months covered by the second period of the order, or a rate of production almost three times that of last year.

The purpose of manufacturing more rather than fewer adult bicycles is to replace, in part, transportation facilities lost through the rubber and automobile shortage. WPB officials gave assurance that the manufacture of bicycles would be continued beyond June 30, the expiration date of L-52. They explained that between now and June 30 a survey will be made to ascertain transportation needs, especially the needs of workers in defense plants who now use automobiles which will gradually become useless for lack of tires.

Clarify Reserve Rule On 90-Day Advs. on Govts.

The Board of Governors of the Federal Reserve System made known on March 19 the adoption of an amendment to its Regulation A, Discounts for and Advances to Member Banks by Federal Reserve Banks, effective March 20. The Board states:

> This amendment makes no change of substance in the Regulation. Its sole purpose is to rephrase one paragraph of the Regulation in order to make it clear that under the law the Federal Reserve Banks are authorized to make advances to their member banks for periods not exceeding 90 days on the promissory notes of such member banks secured by direct obligations of the United States.

In the March issue of the Federal Reserve Bulletin the Board reported its ruling as follows:

> The Board of Governors of the Federal Reserve System has ruled that Federal Reserve Banks may make advances both to member banks and to nonmember banks on their promissory notes secured by direct obligations of the United States for periods not exceeding 90 days.
>
> Although the eighth paragraph of section 13 of the Federal Reserve Act appears to limit the maturity of advances to member banks on the security of Government obligations to 15 days, the last paragraph of section 13 authorizes Federal Reserve Banks to make advances for periods not exceeding 90 days "to any individual, partnership or corporation" on the promissory note of such individual, partnership or corporation secured by direct obligations of the United States.
>
> The Board has ruled that the term "corporation" includes incorporated banks whether or not members of the Federal Reserve System and that therefore advances under the last paragraph of section 13 may be made to member and non-member banks as well as to individuals, partnerships and other corporations.
>
> The law provides that such advances shall bear interest at rates fixed from time to time by the Federal Reserve Bank, subject to the review and determination of the Board of Governors of the Federal Reserve System. The rate in effect on March 1 for advances of this kind was 1% at 7 of the Federal Reserve Banks and 1½% at the remaining Federal Reserve Banks.

Government To Reveal Wartime Information

The Office of Facts and Figures at Washington issued on March 17 a "Statement of Governmental Wartime Information Policy," declaring that the Government will make public the maximum of information on military, naval, production and other matters concerning the war, which can be revealed without giving aid to the enemy. The statement explained that "this policy is based upon the firm conviction that the people of a democracy are entitled to know the facts, whether they are good or bad, cheerful or depressing. On the other hand, our people will willingly forego knowledge of those facts whose revelation will help the enemy to harm us."

The OFF statement continued:

> "Where there is conflict between consideration of public information and of military security, every attempt is made to provide such form of publication as will inform the public while reducing the military risk to a minimum.
>
> "Under no circumstances does the Government publish information which is known to be untrue. Under no circumstances does the Government withhold news from publication on the ground that the news is bad or depressing. When news is deliberately withheld, it is withheld for reasons of military security."

The statement goes on to detail the policies governing these specific matters: action at sea, air action, action on land, movement of ships and troops, prospective action, review of military situation, casualties, production information, and statistical information.

Asks Dormitories For Capital War Workers

President Roosevelt asserted on Mar. 13 that he favored construction, at least on an experimental scale, of dormitories which could be used by single persons who are coming to Washington by the thousands for wartime jobs. In reporting on the President's remarks, made at his press conference, Associated Press Washington advices said:

> It is part and parcel of the problem of winning the war to provide adequate housing for these individuals, some of whom are suffering actual hardships, he said, financially and otherwise, in being unable to find adequate living accommodations at reasonable prices.
>
> What he has in mind is construction of dormitories on the Mall, a stretch of parkway extending from the Capitol to the Lincoln Memorial, and close to most Government office buildings. He also has in mind construction of buildings which would house 20 persons each in individual quarters, separated by partitions, and providing a bed, wardrobe and closet

Lend-Lease Aid For Colombia And Venezuela

The United States signed a lend-lease agreement with Colombia on March 17 and another with Venezuela on March 18. No official announcement was made as to the amount of war material involved in either agreement, but the Associated Press reports that the Colombian pact is estimated to be between $20,000,000 and $30,000,000 while the Venezuelan agreement is believed to be between $10,000,000 and $16,000,000.

Reserve Banks Report On Business

Indications of the trend of business in the various Federal Reserve districts is reported in the following extracts which we give from the "Monthly Review" of the Federal Reserve Districts of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco.

First (Boston) District

"In New England during January the level of general business activity was maintained at about the same volume as that which prevailed during December, after allowances had been made for customary seasonal changes, and, as has been the case for more than one year was considerably higher than in the corresponding month of 1941." This is indicated in the Boston Reserve Bank's "Monthly Review" of Mar. 1, which further said:

> The influence of most of the important industries held the aggregate at the high level but the building industry in this district was at a lower volume than either in December, 1941, or in January a year ago. Total revenue freight carloadings in New England were 142,225 during the five-week period ending Feb. 14, a total 11.6% larger than in the corresponding five weeks a year ago.
>
> Production of boots and shoes during January in New England is estimated to have been 14,033,000 pairs, an amount 18.4% over the total for December, 1941, and 8.5% over January a year ago.
>
> The amount of raw cotton consumed by mills in New England during January was 114,727 bales, as compared with 108,423 bales in December, 1941, and a total of 102,544 bales consumed during January last year. The January, 1942, amount was higher than in any other January during the past 10 years.

Second (New York) District

"Preliminary data for February indicate a continuation of the tendencies in productive activity that have been evident in recent months—steadily mounting production of war materials, on the one hand, and dwindling output of consumers' durable goods, necessitated by the war program, on the other, said the Federal Reserve Bank of New York reports in its March 1 "Monthly Review." The bank's summary adds:

> The steel mills again operated near capacity despite continued reports of scrap shortages. Production of electric power and the output of bituminous coal appear to have declined less than usual during February and output of crude petroleum continued at a high level. Incomplete figures indicate that the daily rate of railroad loadings of merchandise and miscellaneous freight in February was approximately the same as in January, but that the movement of bulk freight averaged somewhat lower.

During January the bank's monthly index of production and trade rose two points to 112% of estimated long term trend. The figure for January a year ago was 103. The gain over December was primarily associated with an unusually high level of retail trade. In the field of production divergent tendencies were again conspicuous. The review further says:

> Prospects of future shortages and higher prices resulted in another wave of consumer buying in January that affected many classes of goods. Sharp increases in sales over year earlier levels were reported by department stores, variety chain store systems, and mail order houses. These increases more than offset the effect on total retail distribution of the ban on retail sales of new passenger cars.
>
> While the group index of production held steady at its December levels, there were again noteworthy changes in the composition of the total. Production of producers' goods continued upward in response to war demands, but among consumers' goods further declines were apparent, as a number of industries in this category prepared for complete or partial conversion of their facilities to the manufacture of war materials. In the field of private housing, where operations have been checked by limitations upon supplies of materials, some further slackening in activity was evident.

	1941			1942
	Jan.	Nov.	Dec.	Jan.
*Indexes of Production and Trade— (100 = estmated long-term trend)				
Index of production and trade	103	111	110*p*	112*p*
Production	106	117	118*p*	118*p*
Producers' goods—total	110	130	132*p*	135*p*
Producers' durable goods	114	139	145*p*	146*p*
Producers' non-durable goods	106	120	119*p*	124*p*
Consumers' goods—total	101	103	101*p*	98*p*
Consumers' durable goods	100	87	74*p*	70*p*
Consumers' non-durable goods	101	108	110*p*	107*p*
Durable goods—total	110	123	123*p*	123*p*
Non-durable goods—total	103	113	114*p*	114*p*
Primary distribution	95	107	104*p*	103*p*
Distribution to consumer	102	101	97*p*	104*p*
Miscellaneous services	97	107	108*p*	106*p*
Cost of Living, Bureau of Labor Statistics— (100 = 1935-39 average)	101	110	111	112
Wage Rates— (100 = 1926 average)	116	127	129*p*	
*Velocity of Demand Deposits— (100 = 1935-39 average)				
New York City	54	70	64	63
Outside New York City	86	95	93	89

p Preliminary. *Adjusted for seasonal variation.

Third (Philadelphia) District

"Industrial production in the Third Federal Reserve District receded slightly in January from the peak levels prevailing a month before but continues substantially above any January on record, including 1929," it announced in the Philadelphia Federal Reserve Bank's "Business Review" of March 2. The summary adds:

> The output of durable goods advanced to a new high on a seasonally adjusted basis, the volume of production being half again as great as in the same month last year. Activity in consumers' lines declined in the month but was nearly 10% above January, 1941. Production of coal and oil increased less than seasonally, and the output of electric power advanced somewhat.

Reflecting large consumer incomes and considerable anticipatory buying, retail trade has been unusually active. The decline from December to January in sales by department stores was much smaller than is ordinarily the case, and the volume for the first month of 1942 was the largest for the period since the late 1920's. Buying at wholesale has continued strong in lines where deliveries can be made within a reasonable period, and the movement of freight is heavy.

Fourth (Cleveland) District

In its Feb. 28 "Monthly Business Review," the Federal Reserve Bank of Cleveland reports that "an increasing proportion of Fourth District productive facilities is being converted to the manufacture of military items." "War work," it is added, "was expanded further at most plants during recent weeks, largely offsetting the decreased activity in civilian goods' industries." The bank's review further says:

> Total industrial employment in many cities of the district, both large and small, continues at unusually high levels. Working forces generally are very much larger than at this season in past years.
>
> Retail trade volume was at a contra-seasonally high level during January as consumers stocked up heavily against impending shortages, deterioration in the quality of goods available, and further rises in prices.

Fifth (Richmond) District

"Since the beginning of 1942, trade and industry in the Fifth Federal Reserve district have been at exceptionally high levels for this season of the year," the Federal Reserve Bank of Richmond states in its Feb. 28 "Monthly Review." The summary goes on to say:

> Consumer buying declined much less in January than in average years, and the same may be said of industrial activity. Most industries are working directly or indirectly on phases of defense, but even those engaged entirely in making civilian goods are running full time except plants restricted by shortages of materials under priorities. The several shipyards in the district are working day and night with ships on all the ways, and airplane factories are employing every facilitity to turn out planes and parts. The cotton textile industry operated at a new high level in January, and is supplying vast quantities of many types of cotton goods to the armed forces and to a strong civilian demand. Bituminous coal output rose further in January, chiefly to meet constantly expanding needs of industry and transportation, and railroad car loadings continued at unseasonally high levels.

Sixth (Atlanta) District

The Federal Reserve Bank of Atlanta reports in its Feb. 28 "Monthly Review" that Sixth District business and industrial activity continued at a high level in January. In explaining this, the bank's summary says:

> Department store sales declined following the Christmas holiday trade much less than they usually do and reached a new high level for the month; distribution of merchandise by wholesale firms increased slightly at a time when there is usually a small decline; and life insurance sales also increased in January, although there has nearly always been a decline in that month. Cotton textile activity and pig iron production increased to new record levels, and coal output was at a higher rate than at any time since early in 1927. Construction contracts awarded in the District declined in January but continued in larger volume than at the corresponding time a year earlier.

Seventh (Chicago) District

Rising prices accentuated the expansion in the volume of production and trade that took place in the Seventh Federal Reserve District during February, it is reported in the March "Business Conditions" of the Chicago Federal Reserve Bank. Production in many lines continued to move ahead despite the restrictions on the manufacture of consumers' durable goods. Retail trade, although less disturbed by the hysteria so much in evidence during January, continued at levels substantially above a year ago. The bank's review goes on to say:

> Dollar sales of Seventh District department stores in February were 20% higher than in the same month a year ago.
>
> Operations in the bituminous coal industry of this district have been at a higher rate this year than in the corresponding period a year ago.
>
> Crude oil production in the State of Illinois has been held well within the quota which has been recommended by the Office of the Petroleum Coordinator.
>
> Steel mills in the Chicago area operated at an average rate of 102.6 during February, compared with 97.8 for the same period a year ago.

Eighth (St. Louis) District

The Federal Reserve Bank of St. Louis reports that Eighth District manufacturing, primary distribution, and trade maintained a high level of activity during January and early February. In its Feb. 28 "Business Conditions," the Reserve Bank further says:

> New plants moving into production, existing plants shifting to war output, and construction of additional war production facilities are the principal factors tending to raise the level of industrial activity.
>
> Primary distribution in the Eighth District in January recorded relatively large gains over December and a year earlier. The increases are attributable primarily to heavy movements of fuel, grains, finished and semi-finished manufactures.
>
> Retail distribution of merchandise in January was at extraordinarily high levels. Sales at department stores in the principal cities of the district were down much less than seasonally from December and were 39% greater than in January, 1941.

Ninth (Minneapolis) District

The Federal Reserve Bank of Minneapolis reports in its "Monthly Review" for Feb. 28 that "business volume in the northwest during January, as measured by our seasonally adjusted indexes, registered new gains from the high December level and appeared to have reached the highest January level on record. The review further says:

> All of the indexes advanced from December with the largest increases occurring in the department store sales indexes of country and city stores, both of which reached new high levels of 164 and 152 respectively. In spite of the large January sales volume, the seasonally adjusted index of stocks at city department stores remained at 130 and was only slightly below the high point reached in 1929. The bank debits index at farming centers and the index of country check clearings both reached new high levels. The index of bank debits at 94 cities reached 151. This was the highest January on record but was 3 points below the all-time high registered in August 1929. The miscellaneous carloadings index advanced 3 points to 160, a new high.

Tenth (Kansas City) District

The following regarding business and agricultural conditions in the Tenth Federal Reserve District was contained in the Kansas City Federal Reserve Bank's "Monthly Review" of Feb. 28:

> A buying movement in January lifted wholesale and retail trade a third above a year ago. In the first half of February, however, buying was less urgent. Increased activity has been general in the District. Grain and livestock marketings and cattle and hog slaughter have been large. Life insurance written in January was double that of a year ago. . . Lead and zinc shipments in January were lower because of cold weather early in the month, and construction other than defense housing is less active.

Eleventh (Dallas) District

The Federal Reserve Bank of Dallas reports in its March 1 "Monthly Business Review" that "preliminary data for January indicate substantial increases in operations among the various branches of industry producing products used directly or indirectly in the war program." The bank's summary also has the following to say:

> Production of crude petroleum increased to a new all-time high level, and the output of refined products rose to a peak one-third greater than in January, 1941. Further progress was evidenced in connection with the construction of additional army cantonments and industrial plants for the production of war materials. . . . The demand for lumber increased by an amount much greater than is ordinarily experienced in January, and shipments expanded sharply, notwithstanding a moderate curtailment in production. Output of linters at cottonseed oil mills in Texas was slightly greater than in January, 1941, whereas, the production of other cottonseed products was smaller.

Twelfth (San Francisco) District

The Federal Reserve Bank of San Francisco reports that "in comparison with many other regions of the United States, the Twelfth Federal Reserve District has relatively fewer workers in consumer goods industries of the type adversely affected by war developments. Expansion of war production in this area consequently means that greater emphasis has been placed and will continue to be placed upon expansion rather than upon conversion of facilities. Expansion has been most spectacular in aircraft construction and shipbuilding and has more recently extended to metals production." The bank's Feb. 26 "Business Conditions" likewise says:

> Conversion of manufacturing facilities in the Twelfth District has been most marked in the automobile assembly and tire manufacturing industries. Other industries, such as iron and steel, are diverting a larger proportion of their output to war purposes. In some cases, the change-overs to war production are resulting in temporary unemployment, and workers in trade and service industries indirectly affected by the war effort are being laid off. Despite these developments, however, the basic labor problem is one of labor shortages rather than one of unemployment. This problem is becoming increasingly serious as additional demands arise out of the completion of new plants and as workers continue to withdraw from industry into the armed services.
>
> Increased manufacturing employment in recent months has been accompanied by still larger increases in factory payrolls, brought about by longer working hours and higher rates of pay.
>
> Partly reflecting these increased incomes, value of department store sales in January continued to increase, after allowance for seasonal influences, and was 32% larger than in the like month a year earlier.

Suspend U. S. Shipments To French North Africa

American shipments to French North Africa have been suspended Acting Secretary of State Sumner Welles announced on Mar. 10, explaining that they will not be resumed until a satisfactory arrangement is made with the French Government at Vichy. The shipments, it is reported, consisted mainly of food, cotton and wool and low-grade oils.

House Passes Agricultural Appropriation Bill After Making Deductions of $56,000,000

The House on Mar. 13 passed the Agriculture Department Appropriation Bill, carrying approximately $771,000,000 for the fiscal year beginning July 1. Passage of the bill came after 10 days' debate, during which time the House reduced the measure by about $56,000,000 below the total recommended by its Appropriations Committee.

The bill contains a clause prohibiting the Commodity Credit Corporation from using any of its funds for the sale below parity prices of Government-held stocks of farm commodities. President Roosevelt and Secretary Wickard have voiced their disapproval of this limitation which the Senate farm bloc recently passed in different form over the President's objection.

The following regarding the action of the House on the bill was reported by the Associated Press Mar. 13:

> The deepest reductions were in funds for rural rehabilitation work under the Farm Security Administration, and for operations under the Bankhead-Jones Farm Tenant Act. The former was cut $25,000,000 and loan authorizations for the latter were pared $20,000,000.
>
> The House Appropriations Committee has shaved $5,000,000 from the loan authorizations of the farm tenant program before the House even received the bill and had pared some $14,000,000 from the rural rehabilitation program.
>
> The House made no new cuts in the FSA loan authorization but accepted a $50,000,000 reduction recommended for this item by the committee, leaving the figure at $70,000,000.
>
> Another sharp cut was made by the House in travel expenses for the Department's varied activities, the total for this purpose being reduced $8,000,000.
>
> Still in the bill as it went to the Senate was the administration-opposed clause prohibiting the selling of Government-controlled surplus commodities at prices below parity. The House modified the ban to allow sales of commodities for relief, or deteriorated grains for feeding and for use in the production of alcohol, and of cotton for experimental purposes.
>
> Despite reports that this provision might prompt the President to veto the bill, administration forces made no determined fight against it and there was little likelihood the Senate, which earlier had approved separate legislation of the same nature, would remove the restriction.
>
> In all, the bill included loan authorizations aggregating $105,000,000, direct appropriations of $648,170,517, and reappropriations of $18,384,620. The total of $771,555,137 compares with direct appropriations of $1,127,623,854, reappropriations of $26,209,866 and loan authorizations for $270,000,000 for the present year, an aggregate of $1,423,833,720.

The Senate action on the bill, and the President's opposition to the prohibition in the Senate measure against the sale of Government-owned crops below parity was referred to in our Mar. 5 issue, page 950.

Liquidate Wheat Futures Says Canadian Order

The Canadian Wheat Board announces that all open wheat futures will be cleared on or before July 31 at the closing prices of March 5. The closing prices are May wheat futures 79¼ cents a bushel and July 80⅜ cents.

It is also announced that the initial price for Western wheat in 1942-43 would be 90 cents a bushel, under terms of a Government bill amending the Wheat Board Act. The price represents an increase of 20 cents a bushel over the 1941-42 payment by the Canadian Government.

Unfixed Call Sales Of Cotton Decrease

Unfixed call sales of cotton decreased 11,900 bales during the week ended Mar. 6 to 782,100 bales, compared with 595,700 bales a year earlier, the Department of Agriculture said on Mar. 13. Total sales outstanding on Mar. 6 consisted of 4,600 bales based on the March future, 273,200 on May, 409,000 on July, 58,800 on October and 36,500 on December. The Department's announcement adds:

> Unfixed call purchases decreased 52,200 bales during the week to 287,600 bales on Mar. 6, compared with 129,800 bales on the corresponding date last year. At the recent date, 700 bales of unfixed call purchases were based on the March future, 142,100 on May, 112,500 on July, 21,800 on October, 9,900 on December, and 600 on January.
>
> This statement includes only call sales and purchases based on New York cotton futures, as reported to the Commodity Exchange Branch of the Agricultural Marketing Administration by merchants with futures contracts of 5,000 bales or more in a single future. The figures released, therefore, do not cover all such transactions.

World Wheat Carry-Over Expected To Be Record

The following was reported in a wireless dispatch from London, March 15, to the New York "Times":

> Estimates of the world's surplus of wheat for the season ending with July have been compiled by "The Corn Trade News." They give a total of 1,449,600,000 bushels, which will constitute a record. This amount compares with last season's record of 1,204,000,000 bushels, with 1,048,000,000 bushels two years ago and 996,000,000 bushels in 1939.
>
> Probable shipments in the current crop year are difficult to estimate owing to the war in the Pacific, but, taking all factors into consideration, total world shipments to all destinations are placed at 320,000,000 bushels.
>
> Returns of world shipments to date are incomplete as no data of Australian clearances are available, but excluding Australia world exports in the first seven months of the present season amounted to 158,400,000 bushels, compared with 143,200,000 bushels in the same period in the previous year. Estimating Australian shipments at 32,000,000 bushels so far this season, the adjusted world total to date is 192,000,000 bushels. Compared with the total surplus, estimated shipments are small, leaving 1,128,000,000 bushels to be carried forward to 1942-43.

Dies Committee Continued

The House of Representatives on Mar. 11, by a vote of 331 to 46, voted to continue for another year its Special Committee Investigating un-American activities, which is headed by Representative Dies (Dem., Tex.). The so-called Dies Committee has been inquiring into subversive activities for nearly four years at an estimated cost of $385,000. The House vote continuing it for a fifth year came after sharp debate. Funds for the Committee's operations until Jan. 3, 1943 are expected to be voted soon.

President Makes Plea To Allied Nations To Remain United In Purpose & Sympathy

President Roosevelt declared on Mar. 16 that the supreme strategy of victory must be for the United Nations to remain united in purpose, in sympathy and in determination. The President made this statement in a letter read at the 140th dinner of the Economic Club of New York, held at the Hotel Astor, New York City. The dinner, dedicated to "Our Allies," had as guests of honor and principal speakers: Maxim Litvinoff, Soviet Ambassador; Viscount Halifax, British Ambassador; Dr. Hu Shih, Chinese Ambassador, and Dr. Alexander Loudon, Netherlands Minister. Many other diplomatic representatives of the United Nations also attended.

In his letter, read by David Sarnoff, President of the Economic Club, the President criticized those "who cry for divided efforts in an indivisible war" as "obliging messengers of Axis propaganda" He also predicted that the rising tide of production and manpower "shall overwhelm the enemies of freedom and democracy."

The text of Mr. Roosevelt's message, addressed to Mr. Sarnoff, follows:

> The White House, Washington,
> Mar. 12, 1942
>
> Dear Dave:
>
> May I greet through you the members and guests of The Economic Club of New York who are gathering to hear the distinguished representatives of United Nations bound in the pledge of victory and justice over the evil forces that seek to dominate the world.
>
> Never in history have so many people been united in a more exalted purpose. The struggle is being fought between those in arms against treachery and aggression, and the monstrous hordes regimented to enslave the world. Allied with United Nations and fighting with all the resources of the human spirit are millions of men and women now caught in the vise of tyranny. Courageously they await the day when they, too, can help to create the better world on a new charter of freedom and liberty for all.
>
> We are united against those who willfully and deliberately, and with every weapon of force, propaganda and terror, are aiming to destroy man's right "to think as he will and to say what he thinks." We are united to maintain man's religious heritage against those who would destroy the great spiritual resources of resistance to injustice. We are united against those who would enslave humanity by substituting terror for law, treachery for statecraft, and force for justice. We are united against the tyranny that has created untold want, privation and suffering in a large part of the world.
>
> These are the pledges inherent in the Four Freedoms which are the essence of the Atlantic Charter: Freedom of Speech, freedom of religion, freedom from fear and freedom from want.
>
> To attain and maintain this charter of liberty the supreme strategy of victory must be for the United Nations to remain united — united in purpose, united in sympathy and united in determination. The supreme achievement of every propaganda would be to create disunity. Those who cry for divided efforts in an indivisible war, those who are blind to the fact that security at home may be menaced by disaster abroad, those who encourage divided counsels in this crisis, those who viciously or stupidly lend themselves to the repetition of distortion and untruth, are serving as obliging messengers of Axis propaganda.
>
> Such efforts, you and I know, will break into mere foam against our rock-bound resolution and the rising tide of production and manpower by which we shall overwhelm the enemies of freedom and democracy.
>
> Very sincerely yours,
> FRANKLIN D. ROOSEVELT

In his talk, Mr. Litvinoff urged the increase in "our strength" to drive back the German armies or the splitting or weakening of their forces by diversion elsewhere with a view to pushing them back to the German frontier, to Berlin and beyond, and he expressed his belief that "practical ways for winning a victory over Hitler, the mainspring of the Axis, are for the first time in sight."

Lord Halifax warned that the Spring and Summer of 1942 are "going to put free men everywhere to such a test of courage and endurance as will match the darkest days of 1918." He also pointed out that the sea lanes must remain open if the war effort is to be maintained.

The Chinese Ambassador recalled the warning that Chinese leaders had made as to what would come about if Japan's aggression in China was left unchecked and asserted that the faith of his people has now been vindicated by the entrance of the United States and British Empire into the fight on China's side. While saying that victory is not yet in sight, Dr. Hu Shih stated that he had no doubt about the "ultimate and not too distant victory."

Ambassador Loudon of the Netherlands declared that his country by tradition and origin has been a country of free trade and that the basic principle of its economic stewardship has been the policy of the open door.

Farmers Repay FCA

Farmers' repayments in 1941 on emergency crop and feed loans exceeded by some $4,800,000 the amount they borrowed, the U. S. Department of Agriculture said on March 19. "Many of the loans collected during the past year were made from 4 to 20 years ago, but the borrowers only recently have gotten into a financial position where they could repay them," said C. W. Warburton, Deputy Governor of the Farm Credit Administration. "Improvement in farm income, and the well-known desire of farmers to pay their debts when they have the funds with which to do it, is largely responsible for the increased collections. Farmers are borrowing earlier this season. This is probably because most of them have made their plans well in advance to take as large a part as possible in the Food-for-Freedom drive."

The Department's announcement adds:

> Emergency crop and feed loans—which are limited to $400 per individual, and are made only to those who cannot quality for credit from such regular sources as production credit associations—are now being made through county representatives of the 11 regional offices.
>
> Although 69.8% of these loans made to distressed farmers from 1918 through 1937 have been repaid, the percentage of repayments on loans made in years since that time have been even larger. Repayments on 1938, 1939 and 1940 loans have totaled 79.8, 90.7, and 87.4% respectively. Farmers have already repaid 72% of their 1941 loans even though many of the loans are not yet due. In some cases the products financed have not yet been sold.

To Assist Sec. Wickard

Dr. F. D. Patterson, President of Tuskegee Institute, and Claude A. Barnett, Director of the Associated Negro Press, have been named special assistants to the Secretary of Agriculture Wickard, according to an announcement made on March 17. The announcement states:

> Dr. Patterson and Mr. Barnett will serve the Secretary as consultants and advisers on important problems affecting Negro farmers and their part in the war effort. One of their special functions will be to help insure the integration and full participation of Negro farmers in the Food-for-Freedom campaign.

Dr. Patterson attended Iowa State College and Cornell University, going to Tuskegee in 1928. He became President of Tuskegee in 1935, succeeding the late Dr. R. R. Moton.

Mr. Barnett founded the Associated Negro Press in 1916. With headquarters in Chicago, ANP, under the direction of Mr. Barnett, has established bureaus in Washington, New York, London, Paris and other strategic metropolitan centers. He is a trustee of Tuskegee Institute.

Natal Sugar Output Off

Sugar production in Natal (British South African Union) during the 1941-42 season is estimated at 402,000 long tons, raw value, as against 514,000 tons outturned in the previous season, a decrease of 112,000 tons, or approximately 21.8%, according to a report received by Lamborn & Co., New York. The latter states:

> The low output during the current season is being caused by the prolonged draught throughout the cane belt. It is estimated that the equivalent of around 900,000 tons of sugarcane has been lost, which would have yielded approximately 100,000 tons of sugar.
>
> Sugar consumption in Natal during 1940-41 reached a record high with 334,000 long tons as against 286,000 tons in the previous year. The increase in consumption is due, in the main, according to the Lamborn advices, to the heavy demand made by the influx of a comparatively large refugee population and the general prosperity of the country.
>
> Surplus production in past years was shipped to the United Kingdom, it was said.

Requests Funds For Army

President Roosevelt asked Congress on March 18 for $17,579,311,253 more for the War Department, of which $8,515,861,251 would be for the Army Air Corps. This new fund for the Air Corps, the President said, together with previous appropriations, would provide for 148,000 planes in two years, with 23,500 yet to be financed. Mr. Roosevelt's goal is for 60,000 planes in 1942 and 125,000 in 1943.

In addition to the airplane fund, the President's request includes $5,402,820,633 for the Corps of Engineers and $1,373,725,277 for the Quartermaster Corps.

Refunding Debs. Offered

An offering of $30,175,000 consolidated debentures of the Federal Intermediate Credit Banks was made March 17 by Charles R. Dunn, New York, fiscal agent for the banks. The aggregate included $12,445,000 0.60% debentures due Oct. 1, 1942 and $17,730,000 0.70% debentures due Jan. 2, 1943, All were dated April 1, 1942 and the offering price was par. Of the proceeds from the sale of the debentures $21,315,000 went to pay off maturing issues and $8,860,000 was new money. At the close of business April 1, 1942 the Banks will have a total of $265,720,000 debentures outstanding.

Labor Bureau's Wholesale Price Index Continues To Advance Slightly In Mar. 14 Week

The U. S. Department of Labor announced on March 19 that although the Bureau of Labor Statistics' index of prices of nearly 900 series in primary markets continued to advance during the week ended March 14, the rate of increase over the past 7 weeks has been relatively slow. The index for the week rose 0.2% to 97.1% of the 1926 average largely as a result of higher prices for livestock and for clothing. This is the highest level since September, 1928, and is 20% above the corresponding week of last year.

The announcement of the Labor Department continued:

> The indexes for 5 of the 10 major commodity groups changed during the week. Farm products and textile products rose 0.8%; building materials, 0.3% and miscellaneous commodities, 0.2%. Average prices for fuel and lighting materials declined 0.4% as stocks of gasoline in the Mid-continent area reached new high levels and quotations were lowered.
>
> Sharp increases in prices for livestock, particularly hogs, steers and sheep, together with higher prices for barley, peanuts, and flaxseed brought the farm products group index up 0.8% to the highest level since the Autumn of 1929. Quotations were lower for most grains and for cotton. Average prices for farm products have risen 1.6% in the past month and are more than 44% above a year ago.
>
> The movement in prices for foods was mixed. Quotations were seasonally lower for most fresh fruits and vegetables as well as for flour, fresh beef at New York, and for mutton and fresh pork. Higher prices were reported for butter, eggs, lard, cottonseed oil, dried fruits, and for cured pork and dressed poultry at New York. Average prices for foods in primary markets have advanced 1.9% since the middle of February and are nearly 29% higher than at this time a year ago. Quotations for cattle feed advanced 1.8%.
>
> Sharp advances were reported in prices for boys' suits during the week.
>
> Lumber advanced 0.5% over the preceding week as quotations were higher for yellow pine dimension, drop siding and timbers, and for maple flooring and gum. Lower prices were reported for oak, redwood and for yellow pine boards, finish and flooring. Linseed oil advanced more than 7% during the week and quotations for turpentine were up slightly.
>
> The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Feb. 14, 1942 and March 15, 1941, and the percentage changes from a week ago, a month ago, and a year ago; (2) percentage changes in subgroup indexes from March 7 to March 14, 1942.

(1926=100)

Commodity Groups—	3-14 1942	3-7 1942	2-28 1942	2-14 1942	3-15 1941	Percentage changes to March 14, 1942, from 3-7 1942	2-14 1942	3-15 1941
All Commodities	97.1	96.9	96.8	96.2	80.9	+0.2	+0.9	+20.0
Farm products	102.3	101.5	102.0	100.7	70.9	+0.8	+1.6	+44.3
Foods	95.8	95.8	95.5	94.0	74.3	0	+1.9	+28.9
Hides and leather products	116.4	116.4	116.3	116.1	102.8	0	+0.3	+13.2
Textile products	95.9	95.1	94.9	93.6	77.2	+0.8	+2.5	+24.2
Fuel and lighting materials	78.2	78.5	78.4	78.7	72.6	—0.4	—0.6	+ 7.7
Metals and metal products	103.7	103.7	103.7	103.6	97.8	0	+0.1	+ 6.0
Building materials	110.2	109.9	109.9	109.8	99.4	+0.3	+0.4	+10.9
Chemicals and allied products	97.1	97.1	97.1	96.9	79.2	0	+0.2	+22.6
Housefurnishing goods	104.1	104.1	104.1	104.0	90.8	0	+0.1	+14.6
Miscellaneous commodities	89.4	89.2	89.1	89.0	77.0	+0.2	+0.4	+16.1
Raw materials	97.4	97.1	97.4	96.4	74.5	+0.3	+1.0	+30.7
Semimanufactured articles	92.1	92.0	91.9	91.9	82.7	+0.1	+0.2	+11.4
Manufactured products	97.9	97.7	97.4	96.9	84.0	+0.2	+1.0	+16.5
All commodities other than farm products	95.9	95.9	95.6	95.2	83.1	0	+0.7	+15.4
All commodities other than farm products and foods	95.2	95.1	95.0	94.9	84.9	+0.1	+0.3	+12.1

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM MAR. 7, 1942, TO MAR. 14, 1942

Increases			
Clothing	2.5	Lumber	0.5
Livestock and poultry	2.1	Cotton goods	0.5
Cattle feed	1.8	Meats	0.2
Other foods	0.9	Dairy products	0.2
Paint and paint materials	0.9	Other miscellaneous	0.2
Other farm products	0.5	Non-ferrous metals	0.1
Decreases			
Fruits and vegetables	1.9	Petroleum products	0.7
Grains	1.1	Cereal products	0.4
Anthracite	0.2		

Engineering Construction Up 105% In Week

Engineering construction volume for the week, $273,702,000, reached the second highest peak ever attained according to "Engineering News-Record" March 19. The total is 105% above a week ago, and 206% over the volume for the corresponding 1941 week. The week's near-record total compares with $298,718,000 reported for the week of July 10, 1941, the all-time high.

Public construction is also at the second highest level on record and tops the preceding week by 115%, and is 257% higher than in the 1941 week. Federal work is responsible for the public gain, climbing 124% above last week, and 401% over the week last year. Private construction is up 11% compared with a week ago, but 19% below a year ago.

The week's huge construction total brings 1942 volume of $1,815,973,000, an increase of 36% over the $1,334,964,000 reported for the 12-week period last year. Private work, $167,861,000, is 55% below the 1941 period, but public construction, $1,648,112,000, is 71% higher than a year ago as a result of the 126% gain in Federal work.

Construction volumes for the 1941 week, last week, and the current week are:

	Mar. 20, 1941	Mar. 12, 1942	Mar. 19, 1942
Total construction	$89,558,000	$133,267,000	$273,702,000
Private construction	16,618,000	12,167,000	13,523,000
Public construction	72,940,000	121,100,000	260,179,000
State and municipal	23,639,000	11,052,000	13,350,000
Federal	49,301,000	110,048,000	246,829,000

The increased emphasis on structures of a military nature boosted public buildings to the second highest weekly volume on record. In addition to public buildings, waterworks, sewerage, industrial and commercial buildings, earthwork and drainage, and streets and roads topped their last week's marks; and waterworks, industrial buildings, streets and roads, and unclassified construction exceeded their 1941 week totals. Subtotals for the week in each class of construction are: waterworks, $3,500,000; sewerage, $1,919,000; bridges, $1,510,000; industrial buildings, $4,241,000; commercial buildings, $8,907,000; public buildings, $213,487,000; earthwork and drainage, $5,683,000; streets and roads, $17,053,000; and unclassified construction, $17,402,000.

New capital for construction purposes for the week totals $29,635,000, a decrease of 9% from the corresponding 1941 week. The week's new financing is made up of $25,350,000 in corporate security issues, $3,865,000 in State and municipal bond sales, and $420,000 in RFC loans for public improvements.

New construction financing for the year to date, $1,412,006,000, is 95% higher than the $725,968,000 reported for the 12-week period in 1941.

February Living Costs Rise In 61 Cities

Living costs for wage earners and lower-salaried clerical workers increased from January to February in 61 of the 67 cities surveyed each month by the Division of Industrial Economics of The Conference Board. The largest increase, says the Board, was 1.7% in New Orleans, the smallest 0.1% in Wilmington. There was no change, it states in three cities: Spokane, Meadville, Pennsylvania, and Muskegon, Michigan. There were declines in living costs in three cities:—0.6% in Des Moines, —0.5% in San Francisco and —0.2% in Sacramento. In the United States as a whole, the cost of living rose 0.7%. The Board adds:

> The cost of living was higher this February than in February, 1941, in all the cities for which comparable figures are available. The largest increase was 16.2% in Syracuse, the smallest, 7.4% in Newark. In the United States as a whole the cost of living rose 10.6% from February, 1941, to February, 1942.

The following table gives percentage changes in living costs from January, 1942, to February, 1942, in all 67 cities:

PERCENTAGE CHANGES IN LIVING COSTS IN 67 CITIES
JANUARY, 1942 TO FEBRUARY, 1942
Source: The Conference Board

City—	% Change	City—	% Change	City—	% Change
New Orleans	+1.7	Houston	+0.7	Cleveland	+0.3
Manchester	+1.6	Lynn	+0.7	Lansing	+0.3
Trenton	+1.6	New Haven	+0.7	Los Angeles	+0.3
Minneapolis	+1.3	Pittsburgh	+0.7	Philadelphia	+0.3
Erie	+1.2	St. Louis	+0.7	Seattle	+0.3
Macon	+1.2	Bridgeport	+0.6	Syracuse	+0.3
Toledo	+1.2	Evansville	+0.6	Buffalo	+0.2
Boston	+1.1	Roanoke	+0.6	Duluth	+0.2
Cincinnati	+1.1	Youngstown	+0.6	Rochester	+0.2
Dallas	+1.1	Atlanta	+0.5	Denver	+0.1
Fall River	+1.1	Baltimore	+0.5	Flint	+0.1
Parkersburg	+1.1	Grand Rapids	+0.5	Milwaukee	+0.1
Portland	+1.1	Kansas City	+0.5	Rockford	+0.1
Detroit	+1.0	Lewistown	+0.5	St. Paul	+0.1
New York	+1.0	Oakland	+0.5	Wilmington	+0.1
Wausau	+1.0	Providence	+0.5	Meadville	0
Louisville	+0.9	Saginaw	+0.5	Muskegon	0
Newark	+0.9	Anderson	+0.4	Spokane	0
Omaha	+0.9	Chattanooga	+0.4	Sacramento	—0.2
Indianapolis	+0.8	Chicago	+0.4	San Francisco	—0.5
Memphis	+0.8	Front Royal	+0.4	Des Moines	—0.6
Richmond	+0.8	Joliet	+0.4		
Birmingham	+0.7	Akron	+0.3		

February Department Store Sales In New York Federal Reserve District 20% Above Year Ago

The Federal Reserve Bank of New York announced on March 19 that February sales of department stores in the Second (New York) Reserve District increased 20% over a year ago. The combined sales for January and February are 28% higher than in the same period last year. Stocks of merchandise on hand in department stores at the end of February were 48% above February, 1941.

The apparel stores in the New York Reserve District reported a gain of 23% in net sales in February, while their stocks on hand were 36% above February, 1941.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES—FEBRUARY, 1942
Second Federal Reserve District

Department stores	Percentage Changes from a Year Ago—Net Sales—February	January and February	Stock on hand, end of month
*New York City	+18	+25	+49
*Northern New Jersey	+22	+30	+56
Newark	+21	+29	+54
Westchester and Fairfield Counties	+25	+34	+28
Bridgeport	+32	+38	+34
Lower Hudson River Valley	+11	+25	+36
Poughkeepsie	+ 9	+27	----
Upper Hudson River Valley	+20	+32	+43
Albany	+18	+29	----
Central New York State	+27	+39	+49
Mohawk River Valley	+49	+59	+55
Syracuse	+21	+33	+48
Northern New York State	+10	+22	----
Southern New York State	+29	+40	+37
Binghamton	+28	+40	----
Elmira	+36	+45	----
*Western New York State	+25	+36	+40
Buffalo	+30	+41	+43
Niagara Falls	+42	+52	+34
Rochester	+19	+30	+38
*All department stores	+20	+28	+48
*Apparel stores	+23	+25	+36

*Subject to possible revision.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
Second Federal Reserve District
[1923-25=100]

	1941 Feb.	Dec.	1942 Jan.	Feb.
Sales (average daily), unadjusted	79	194	104	94
Sales (average daily), seasonally adjusted	97	107	132	116
Stocks, unadjusted	80r	105	104r	119
Stocks, seasonally adjusted	86r	107	110r	127

r Revised.

Canada Newsprint Output

The Canadian newsprint industry produced 278,101 tons during February, a 10.4% increase over a year ago, but slightly below the January output. Shipments totaled 239,745 tons, which was 13.2% above last but also reduced from January. These figures, based on statistics compiled by the Newsprint Association of Canada, were reported in the Montreal "Gazette" of March 13, which also said:

> Breakdown of Canadian shipments figures shows substantial increases in those to domestic consumers and to the United States, the latter at 227,925 tons comparing with 185,618 tons a year ago. In shipments to overseas markets, however, there was a continued contraction, 21,209 tons being little better than half of a year ago.
>
> Newfoundland's production for the month at 27,330 tons was down 2.5% from a year ago, while shipments fell by 20.9%, the principal contraction being in overseas shipments. United States production at 76,234 tons was down 4.4%, and shipments at 75,247 tons were down 7.4%.

What Nation Needs Is More Enthusiasm—FDR

President Roosevelt told his press conference on March 17 that what is needed now is more national enthusiasm in our work in order to speed up war production. The President pointed out that people should not lose their sense of proportion of the labor situation, indicating that he was opposed to restrictive labor legislation at this time. Saying that he had received letters from editors who apparently believed that it was against the law to work more than 40 hours a week, Mr. Roosevelt described this as only one instance where there was "an amazing state of public misinformation."

He also criticized those amateur strategists who were telling how to run the war, citing a speech made in 168 B. C. by Lucius Aemilius, Roman consul charged with conducting the war with the Macedonians.

Van Devanter Honored

Memorial services for the late Justice Willis Van Devanter of the U. S. Supreme Court were held on March 16 at the Supreme Court building in Washington. Harlan Fiske Stone, Chief Justice of the United States, who served on the bench with Justice Van Devanter for many years, called him "a tower of strength" in the conference room where the Justices meet to discuss their opinions. Attorney General Francis Biddle delivered a eulogy and presented resolutions to the Court on behalf of the Supreme Court bar. Mr. Van Devanter retired from active service in June, 1937, at the age of 78 and died in February, 1941. His death was reported in these columns Feb. 15, 1941, page 1072.

Campbell Is Re-Appointed British Minister to U. S.

Sir Gerald Campbell has been reappointed British Minister in Washington, resuming the position which he left last June to become Director General of the British Information Services in the United States. This was announced on Mar. 13 by the British press service.

The announcement said that Sir Gerald will continue to direct the British information services but will make his headquarters in Washington instead of New York City. He served as British Minister to the United States from January to June of last year, as was reported in our issue of June 14, 1941, page 3745.

Record Wheat Insurance

Wheat production on half a million farms, a new record, has been insured for 1942 by the Federal Crop Insurance Corporation, the United States Department of Agriculture announced on Mar. 19; it further stated:

> There were 495,273 farms recorded as insured on Feb. 28, the final day for accepting crop insurance applications this year, but the Minneapolis, Minn., branch office of the Corporation estimated it would have an additional 5,000 contracts to report that would swell the national total of insured farms to slightly more than 500,000.

"This is the fourth consecutive year," Leroy K. Smith, Manager of the Corporation, said, "that the Department of Agriculture's insurance agency has exceeded the preceding year's business. These farms protected against loss from all unavoidable hazards represent more than 30% of all wheat farms in the nation. We accepted 420,886 applications to insure farms for the 1941 crop."

Insured growers obligated themselves this year to pay 15,797,591 bushels of wheat or the cash equivalent for an insured production of 142,995,619 bushels. Both premiums paid and the total insured production, Mr. Smith pointed out, are larger than 1941 when premiums were about 1,500,000 bushels less and the insured production about 32,000,000 bushels smaller. The number of acres insured this year, 12,926,627, is about 2,000,000 more than in 1941. It is added that Nebraska and Kansas again topped the list of states with the largest number of insured farms with 73,665 and 58,842, respectively. Illinois, Missouri, and Ohio wrote insurance on more than 40,000 farms each.

Lend-Lease Farm Product Deliveries Total To Feb. 1

A total of 3,747,000,000 pounds of agricultural commodities were delivered to representatives of the United Nations for Lend-Lease shipment up to Feb. 1, 1942, the Department of Agriculture said on Mar. 17. Total cost of these commodities, bought by the Agricultural Marketing Administration and delivered at shipping points since operations started last April, was about $417,000,000. The Department also stated:

> During January more than 435,000,000 pounds of food and other agricultural commodities were delivered for shipment, at a cost of about $50,000,000.
>
> Outstanding among commodity groups delivered, with cumulative values up to Feb. 1, were: dairy products and eggs, about $131,000,000; meat, fish and fowl, $106,000,000; lard, fats and oils, $30,000,000; fruits and vegetables, $43,000,000. Other deliveries included grain and cereal products, concentrated fruit juices, vitamin concentrates, miscellaneous foodstuffs, and non-food agricultural commodities including cotton, tobacco and naval stores. A large proportion of the non-food supplies were made available for Lend-Lease operations by the Commodity Credit Corporation.

Studying Wage Control

President Roosevelt disclosed on Mar. 13 that the control of wages as a check upon inflation was under study but no definite conclusions had been reached. The President told his press conference that the Canadian system of wage and price control was one of several under consideration. Asked whether he thought progress is being made on controlling inflation, Mr. Roosevelt said in some ways yes and in some ways no. He added that the action of the House in prohibiting the sale of Government-held farm stocks at below parity prices was on the "no" side.

Federal Reserve February Business Indexes

The Board of Governors of the Federal Reserve System on Mar. 21 issued its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time the Board issued its customary summary of business conditions. The indexes for February, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings; 1923-25 average = 100 for all other series

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
Industrial production—	Feb. 1942	Jan. 1942	Feb. 1941	Feb. 1942	Jan. 1941	Feb. 1941
Total	†173	171	144	†168	165	140
Manufactures—						
Total	†180	178	148	†175	172	144
Durable	†227	222	176	†220	215	171
Nondurable	†143	143	126	†138	137	122
Minerals	†130	131	118	†126	126	114
Construction contracts, value—						
Total	†112	118	99	†96	96	86
Residential	†91	82	76	†81	68	68
All other	†128	147	118	†109	119	100
Factory employment—						
Total	*	135.6	118.6	*	132.4	117.8
Durable goods	*	146.8	122.1	*	143.4	121.0
Nondurable goods	*	124.9	115.2	*	121.8	114.7
Factory payrolls—						
Total	---	---	---	*	173.5	126.8
Durable goods	---	---	---	*	204.7	139.3
Nondurable goods	---	---	---	*	138.7	112.9
Freight-car loadings	136	140	124	126	129	115
Department store sales, value	†125	138	103	†99	108	82
Department store stocks, value	*	†93	73	*	†83	70

†Preliminary or estimated. *Data not yet available.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, non-durable by .469, and minerals by .152.

Construction contract indexes based on 3-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION

(1935-39 average = 100)

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
Manufactures—	Feb. 1942	Jan. 1942	Feb. 1941	Feb. 1942	Jan. 1942	Feb. 1941
Iron and steel	193	191	179	193	191	179
Pig iron	187	189	176	187	189	176
Steel	210	208	187	210	208	187
Open hearth & Bessemer	177	174	171	177	174	171
Electric	444	445	300	444	445	300
Machinery	†256	248	177	†256	248	177
Transportation equipment	†315	302	203	†315	302	207
Non-ferrous metals & products	†192	195	173	†192	194	173
Copper smelting	†141	140	140	†141	140	140
Zinc smelting	189	184	158	189	184	158
Copper deliveries	†224	235	209	†224	235	209
Zinc shipments	151	152	148	151	152	148
Lumber and products	†146	143	135	†129	122	119
Lumber	†144	138	139	†119	112	115
Furniture	†150	153	129	†150	142	129
Stone, clay, & glass products	*	197	158	*	137	112
Polished plate glass	49	65	138	47	68	131
Textiles and products	†159	158	143	†159	158	143
Cotton consumption	174	169	152	174	169	152
Rayon deliveries	174	180	148	174	180	148
Wool textiles	*	161	149	*	161	149
Leather products	†122	126	108	†133	124	117
Tanning	*	130	103	*	131	112
Cattle hide leathers	*	146	112	*	148	125
Calf and kip leathers	*	87	92	*	86	97
Goat and kid leathers	*	121	87	*	121	91
Shoes	†117	124	112	†126	119	121
Manufactured food products	†139	139	120	†121	124	104
Wheat flour	110	108	105	109	109	104
Meat packing	†142	148	126	†136	173	122
Other manufactured foods	†141	139	119	†123	123	103
Tobacco Products	130	132	116	121	126	108
Cigars	126	129	110	109	104	96
Cigarettes	144	144	125	136	146	118
Manufactured tobacco	93	99	96	92	96	95
Paper and products	*	153	128	*	150	131
Paperboard	163	175	134	168	168	138
Newsprint production	110	107	115	108	107	113
Printing and publishing	†127	127	114	†129	125	115
Newsprint consumption	103	104	105	102	99	104
Petroleum and coal products	*	135	122	*	132	120
Petroleum refining	*	131	117	*	128	115
Gasoline	*	134	118	*	129	114
Fuel oil	*	123	122	*	127	123
Lubricating oil	*	133	104	*	129	103
Kerosene	*	120	123	*	126	124
Beehive coke	†482	462	398	†482	462	398
Chemicals	†157	154	124	†157	153	124
Minerals—						
Fuels	†126	128	113	†132	131	118
Bituminous coal	†120	129	114	†141	144	134
Anthracite	†109	89	102	†120	104	112
Crude petroleum	†131	132	113	†129	129	112
Metals	†148	149	148	†90	92	93
Iron ore	201	200	189	---	---	---
Copper	†158	162	153	†160	158	155
Lead	*	131	116	*	131	116

†Preliminary or estimated. *Data not yet available.

FREIGHT-CAR LOADINGS

(1935-39 average = 100)

Coal	114	119	113	130	136	129
Coke	147	153	149	180	184	183
Grain	129	142	102	108	125	85
Livestock	93	99	93	75	95	75
Forest products	156	156	133	150	140	128
Ore	183	186	181	46	46	45
Miscellaneous	148	152	131	133	134	118
Merchandise, l.c.l.	98	97	101	94	93	98

Note—To convert coal and miscellaneous indexes to points in total index, multiply coal by .213 and miscellaneous by .548.

February Chain Store Sales At $331,121,539

According to a compilation made by Merrill Lynch, Pierce, Fenner & Beane, 30 chain store companies, including two mail order companies, reported an increase of 24.8% in sales for February, 1942. The same companies reported an increase of 30.4% in sales for the first two months of 1942.

Although there was a general tapering off from the extreme gains recorded for January, apparel chains continued to make the best showing, six companies having secured an increase of 39.1% in February over the same month a year earlier. Three shoe chains followed with a gain of 34.1%, while the increase scored by five grocery chains amounted to 32.5%. At the other extreme, the two leading mail order companies appear to be encountering greater difficulty in maintaining a high rate of sales expansion. Compared with a gain of 26.5% for 1941 as a whole, these companies had a sales increase of but 18.9% in February.

	Month of February 1942	1941	% Inc.	Two Months Ended Feb. 28 1942	1941	% Inc.
5 Grocery chains	$99,118,277	$74,790,276	32.5	$199,398,987	$147,818,990	34.9
11 5 & 10c chains	75,696,660	64,138,020	18.0	153,815,746	124,491,917	23.6
6 Apparel chains	36,391,454	26,163,508	39.1	81,649,586	54,698,031	49.3
2 Drug chains	9,584,471	8,315,618	15.3	19,540,369	16,909,351	15.6
3 Shoe chains	6,278,819	4,682,843	34.1	13,097,805	9,228,632	41.9
1 Auto supply	4,412,000	3,499,000	26.1	9,370,000	7,186,000	30.4
28 Chains	$231,481,681	$181,589,265	27.5	$476,872,493	$360,332,921	32.3
2 Mail orders	99,639,858	83,832,089	18.9	211,121,193	167,298,303	26.2
30 Companies	$331,121,539	$265,421,354	24.8	$687,993,686	$527,631,224	30.4

Changes In Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The monthly compilation of companies listed on the New York Stock Exchange reporting changes in their holdings of reacquired stock was made available on Mar. 17. Following is the tabulation issued by the Stock Exchange:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Air Reduction Co., capital	23,118	23,518	
Allegheny Ludlum Steel Corp., common	1,321	1,221	
Allied Stores Corp., 5% preferred	1,703	3,303	
American Chicle Co., common	4,375	4,675	
American-Hawaiian Steamship Co., common	67,700	68,700	
American Hide & Leather Co., 6% preferred	5,300	6,500	
Armour and Co. (Del.), 7% preferred	1,055	1,056	
Associates Investment Co., common	14,861	18,551	
5% cumulative preferred	2,816	5,058	
Atlas Corp., common	259,682	264,982	
6% preferred	1,008	2,008	
Barker Bros., common	------	145	(1)
5½% cumulative preferred	1,532	1,898	(2)
Belding Heminway Co., common	54,032	54,632	
Borden Co. (The), capital	22,254	26,011	
Brooklyn-Manhattan Transit Corp., common	------	------	(3)
Chicago Yellow Cab Co., Inc., capital	6,472	7,222	
Coca-Cola Co. (The), common	2,000	4,000	
Collins & Aikman Corp., 5% cumulative convertible pref.	450	------	(4)
Consolidated Oil Corp., common	------	400	
Copperweld Steel Co., 5% cum. conv. pref.	2,700	2,735	
Coty, Inc., common	63,729	64,529	
Cuban-American Sugar Co. (The), 5½% conv. pref.	13,088	13,488	
7% cumulative preferred	6,283	6,533	
Cushman's Sons, Inc., 7% cumulative preferred	------	------	(5)
Davega Stores Corp., 5% cumulative convertible pref.	300	------	(6)
Detroit Edison Co. (The), common	11,017	10,648	
Federated Department Stores, Inc., 4¼% conv. preferred	11,200	12,000	
Firestone Tire & Rubber Co. (The), common	316,614	317,359	
6% preferred A	18,766	19,866	
Flintkote Co. (The), $4.50 cum. preferred	------	800	
Fruehauf Trailer Co., 5% conv. preferred	3,653	3,703	
General Motors Corp., common	211,740	236,040	
General Shoe Corp., common	3,550	3,500	
Gillette Safety Razor Co., $5 conv. preferred	2,249	3,449	
Goodyear Tire & Rubber Co. (The), $5 cum. conv. pref.	12,665	13,065	
Hamilton Watch Co., 6% cum. preferred	815	------	(4)
Hanna (M. A.) Co. (The), $5 cum. preferred	50	100	
Household Finance Corp., common	7,097	7,297	
Interstate Department Stores, Inc., 7% preferred	4,506	4,816	
Jewel Tea Co., Inc., common	4,174	3,834	
Jones & Laughlin Steel Corp., common	59,941	61,191	
5% cumulative preferred A	23,976	24,476	
5% cumulative preferred B	23,976	24,476	
Kaufmann Department Stores, Inc., 5% cum. preferred	21,735	20,235	(7)
Macy (R. H.) & Co., Inc., common	4,317	3,872	
Madison Square Garden Corp., capital	17,894	18,494	
Mead Corp. (The), $6 cum. preferred A	300	450	
$5.50 cumulative preferred B	2,213	2,913	
Mohawk Carpet Mills, Inc., capital	8,000	10,800	
National Department Stores Corp., 6% preferred	69,101	71,701	
National Lead Co., 7% cum. A preferred	25,883	19,883	
National Steel Corp., common	7,005	6,575	
Natomas Co., common	------	------	(8)
Newport News Shipbuilding & Dry Dock Co., $5 cum. convertible preferred	------	700	
Norfolk & Western Ry. Co., adj. 4% cum. preferred	3,113	3,423	
Pepsi-Cola Co., capital	----	134	(9)
Petroleum Corp. of America, capital	122,900	124,300	
Plymouth Oil Co., common	4,600	5,200	
Real Silk Hosiery Mills, Inc., 7% cum. preferred	5,218	5,293	
Rustless Iron & Steel Corp., common	335	336	
Safeway Stores, Inc., 5% cum. preferred	535	671	
Common	15,091	15,094	
Swift & Co., capital	78,159	78,092	
United Fruit Co., common	700	1,300	
United States Leather Co. (The), prior preferred	16,200	16,435	
United States Rubber Co., common	26,316	409	
White (S. S.) Dental Mfg. Co. (The), common	1,176	1,216	

Notes—(1) Adjustment. (2) Adjustment; 120 shares acquired in February. (3) Retired. (5) 451 shares acquired and cancelled. (6) 200 shares acquired; 500 shares retired. (7) 1,500 shares retired. (8) 1,000 shares acquired and retired. (9) Initial report.

The New York Curb Exchange issued on March 13 the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Name—	Shares Previously Reported	Shares Per Latest Report
American General Corp., $2 div. ser. preferred	8,406	8,481
Common	355,326	356,528
American Writing Paper Corp., common	8,200	8,300
Carman & Co., Inc., class A	3,551	3,561
Cooper-Bessemer Corp., $3 prior preferred	------	600
Crown Central Petroleum Corp., common	566	569
Dejay Stores, Inc., common	7,986	8,186
Dennison Mfg. Co., A common	10,584	10,588
Detroit Gasket & Mfg. Co., 6% preferred	13,116	13,216
Elestrographic Corp., common	1,286	1,386
Equity Corp., $3 conv. preferred	48,073	48,223
Interstate Hosiery Mills, Inc., capital	5,831	6,125
Knott Corp., common	7,051	7,258
Lane Bryant, Inc., 7% preferred	562	642
Merritt-Chapman & Scott Corp., 6½% A preferred	2,368	2,968
Midland Oil Corp., $2 conv. preferred	7,900	8,100
New York & Honduras Rosario Mining Co., capital	------	2,535
New York Merchandise Co., Inc., common	52,647	90,339
Niagara Share Corp. of Maryland, B common	128,481	129,881
Selected Industries, Inc., $5.50 div. pr. stock	800	1,350
Sterchi Bros. Stores, Inc., 6% 1st preferred	474	------
5% 2nd preferred	437	------
Sterling, Inc., common	42,650	57,550
Sunray Oil Corp., 5½% conv. preferred	2,740	272
United Cigar-Whelan Stores Corp., common	12,119	12,121
Utility Equities Corp., $5.50 div. pr. stock	8,190	8,390

Market Transactions In Govts. For Feb.

Market transactions in Government securities for Treasury investment and other accounts in February, 1942, resulted in net purchases of $29,980,000, Secretary Morgenthau announced on March 16. This compares with net sales of $520,700 in January.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1940—		
March	$5,700,000	sold
April	1,636,100	sold
May	387,200	purchased
June	934,000	purchased
July	No sales or	purchases
August	No sales or	purchases
September	$300,000	sold
October	4,400,000	sold
November	284,000	sold
December	1,139,000	sold
1941—		
January	$2,785,000	purchased
February	11,950,000	purchased
March	No sales or	purchases
April	$743,350	sold
May	200,000	sold
June	447,000	purchased
July	No sales or	purchases
August	No sales or	purchases
September	$2,500	sold
October	200,000	sold
November	No sales or	purchases
December	$60,004,000	purchased
1942—		
January	$520,700	sold
February	29,980,000	purchased

February Life Insurance Sales Up

The sales of ordinary life insurance in the United States in February amounted to $634,538,000, or 19% above the volume sold in February, 1941, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales for the first two months of 1942 is reported at $1,636,191,000, which is more than 50% higher than the corresponding period in 1941.

The sales volume and the ratios for all sections are reported by the Bureau as follows:

	February, 1942 Sales Volume in $1,000	February, 1942 Ratios '42-'41 All Cos.	Year to Date Sales Volume in $1,000	Year to Date Ratios '42-'41 All Cos.
U. S. total	$634,538	119%	$1,636,191	156%
N. England	51,310	116%	134,366	154%
M. Atlantic	175,355	118%	484,647	161%
E. N. Cent.	141,939	114%	362,678	148%
W. N. Cent.	60,218	122%	147,550	153%
S. Atlantic	60,754	122%	152,026	153%
E. S. Cent.	24,742	124%	63,015	162%
W. S. Cent.	44,577	114%	112,179	151%
Mountain	15,345	121%	37,039	147%
Pacific	60,298	138%	142,691	165%

Cuban Sugar Surcharge

The War Shipping Administration has approved a maximum surchage of 22% on shipments of sugar from Cuba to the United States, it was announced on Mar. 17. The surcharge, effective Mar. 16 is designed to cover increased wartime operating expenses. It will be applied to existing basic freight rates on vessels tendered for loading in Cuba on and after the effective date. WSA officials explained that surcharges and rates may be revised from time to time "in the light of changing conditions" or if rates are "subsequently considered inimical to the national defense or detrimental to the commerce of the United States."

President To Seek Funds To Guard Federal Bldgs.

President Roosevelt will soon ask Congress for $18,000,000 to cover the cost of safeguarding Federal buildings in Washington and elsewhere from sabotage and of providing blackouts for the buildings. The President is reported to have told his press conference on Mar. 13 that there have been some indications of intentions to sabotage buildings, although the authorities are not aware of any specific attempts as yet.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity Current*	*Percent of Activity Cumulative*
1941—Month of—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659.722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
October	839,272	831,991	568,264	99	--
November	640,188	649,021	554,417	98	--
December	743,637	760,775	530,459	93	--
1942—Month of—					
January	673,122	668,230	528,698	102	--
February	640,269	665,689	493,947	101	--
1941—Week Ended—					
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,795	574,991	98	86
Oct. 25	165,279	168,146	568,161	100	86
Nov. 1	170,597	165,420	568,264	99	86
Nov. 8	169,585	159,860	576,923	97	86
Nov. 15	156,394	165,397	570,430	99	87
Nov. 22	145,098	160,889	550,383	96	87
Nov. 29	169,111	164,875	554,417	101	87
Dec. 6	181,185	166,080	567,373	102	87
Dec. 13	149,021	163,226	553,389	101	88
Dec. 20	149,874	166,948	535,556	101	88
Dec. 27	116,138	124,258	523,119	76	88
1942—Week Ended—					
Jan. 3	147,419	140,263	530,549	86	88
Jan. 10	162,493	166,095	527,514	101	--
Jan. 17	167,846	165,360	525,088	102	102
Jan. 24	161,713	169,735	514,622	101	102
Jan. 31	181,070	167,040	528,698	101	102
Feb. 7	162,894	168,424	522,320	101	102
Feb. 14	156,745	167,424	510,542	101	102
Feb. 21	157,563	165,240	496,272	102	102
Feb. 28	163,067	164,601	493,947	100	102
Mar. 7	177,823	165,081	505,233	101	101
Mar. 14	140,125	166,130	476,182	100	101

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

Living Costs In Large Cities Was 0.5% Higher In February Than January

Living costs in February, 1942, were 0.5 of 1% higher than in January, with prices again marked up for almost all lines of merchandise purchased by moderate-income families, Secretary of Labor Perkins reported on Mar. 18. "Rents changed very little except in a few cities especially affected by war activities," she said. Continuing she said:

> The family food bill increased, on the average, 0.5 of 1% between the middle of January and the middle of February. There were small increases in the cost of other kinds of goods, with particularly sharp advances in clothing and housefurnishing costs in several cities. The Bureau of Labor Statistics' cost of living index, which measures changes to moderate-income families in larger cities, was 112.6 on Feb. 15, using average costs in 1935-39 as 100. This was 11.7% higher than in February of last year and 14.2% higher than in August, 1939.

The following additional details are given out by the Labor Department:

Food

Between mid-January and mid-February, there were further large increases in prices of pork, lard, potatoes and sugar. Prices of canned fruits and vegetables and bananas also rose sharply following earlier seasonal increases in wholesale markets, while eggs and oranges continued to decline seasonally and prices of some fresh vegetables were lower as new supplies came on to the market. Increases were general throughout the country, with 45 of the 51 cities covered in the Bureau's regular monthly survey reporting higher food prices. On Feb. 17, the Bureau's index of retail food costs, at 116.8% of the 1935-39 average, was 19% higher than in February of last year and 25% above pre-war levels.

Rents

As usual in mid-winter, rents paid by families with moderate incomes changed very little in most cities. The largest increases were reported from Savannah and Birmingham where employment in the war industries continued to increase. The stability of rents in Washington is due to the rent control bill in that city, which became effective on Jan. 1, 1942, limiting and restoring rentals in Washington to the level of Jan. 1, 1941.

Clothing

The cost of clothing rose more than any other group of family purchases. Cotton garments continued to advance and shoes averaged 10 to 15 cents a pair higher than in the preceding month. Prices of women's rayon dresses were considerably higher and men's wool suits also were up in most cities. In spite of generally higher price levels for wool clothing, February sales of women's coats were hold in most of the 21 large cities covered by the Bureau of Labor Statistics in its February cost of living survey.

Housefurnishings

The cost of housefurnishings rose by 1.7%, on the average, from mid-January to mid-February. Following the January white sales on sheets, many stores displayed bed linen in February at prices as much as 20% above the special sales price of the preceding month. Higher prices were also reported for nearly all kinds of electrical equipment, with electric refrigerators showing the largest rise. The serious shortage of raw materials has resulted in an order by the War Production Board, issued on Feb. 14, stopping production of new refrigerators after April 30. On Mar. 7, the Office of Price Administration requested that retail prices of refrigerators be restored to the level of Feb. 2.

Table I summarizes the changes that have occurred in the prices of certain important articles of clothing and housefurnishings over the past year and the past month.

TABLE 1

PERCENTAGE CHANGES IN AVERAGE PRICES PAID FOR SPECIFIED ARTICLES OF CLOTHING AND HOUSEFURNISHINGS BY WAGE EARNERS AND LOWER-SALARIED WORKERS IN 34 LARGE CITIES IN THE UNITED STATES

Items	Percentage Changes: Jan. 15, 1942 to Feb. 15, 1942	Percentage Changes: Feb. 15, 1941 to Feb. 15, 1942	Percentage Changes: Sept. 15, 1939 to Feb. 15, 1942
Men's Clothing:			
Topcoats	+ 1.7	+16.9	+14.7
Suits, wool	+ 3.8	+18.4	+20.2
Work trousers, cotton	+ 3.8	+26.7	+30.2
Overalls, cotton	+ 5.1	+34.8	+42.5
Work shirts, cotton	+ 5.5	+38.8	+45.1
Business shirts	+ 3.6	+21.0	+22.2
Street shoes	+ 3.1	+17.7	+22.5
Work shoes	+ 3.6	+22.2	+26.7
Women's Clothing:			
Dress coats, fur trim	— 1.2	+25.4	+ 2.3
Sport coats	— 0.3	+17.0	+ 0.6
Rayon panties	+ 2.1	+20.1	+20.6
Percale dresses	+ 1.4	+46.2	+53.8
Silk hose	+ 2.1	+23.7	+22.7
Shoes	+ 1.8	+10.8	+11.3
Housefurnsihings:			
Living room suites, inexp. quality	+ 0.4	+31.5	+39.1
Bedroom suites, medium quality	*	+20.8	+23.2
Electric refrigerators	+ 1.6	+17.8	— 3.5
Washing machines	+ 0.6	+18.0	+19.7
Rugs, Axminsters	+ 1.2	+ 9.7	+21.7
Mattresses	*	+20.6	+23.0
Sheets, 64 x 64	+12.8	+40.3	+48.0

*No change.

Fuel, Electricity and Ice

Fuel, electricity and ice costs remained the same, on the average, in large cities. Although a few cities reported slightly higher prices for coal, the Jan. 15 price levels prevailed in most cities. The declines in Washington and Savannah were due to slightly lower coal and wood prices.

Miscellaneous

Increases in prices for used cars contributed to the higher cost of miscellaneous goods and services. Soap prices rose in 15 cities. In St. Louis there was a rise of 9% in the price of gasoline.

The following table shows percentage changes in living costs in 21 cities surveyed by the Bureau of Labor Statistics monthly:

TABLE 2

PERCENTAGE CHANGE FROM JAN. 15, 1942 TO FEB. 15, 1942 IN THE COST OF GOODS PURCHASED BY WAGE EARNERS AND LOWER-SALARIED WORKERS IN LARGE CITIES OF THE UNITED STATES BY GROUPS OF ITEMS

Area and City	All items	Food	Clothing	Rent	Fuel, electricity and ice	House-furnishings	Miscellaneous
Average: Large Cities	+0.6	*+0.5	+2.6	+0.2	‡†	+1.7	+0.3
New England:							
Boston	+1.3	+2.2	+2.2	+0.4	‡	+1.7	+0.5
Middle Atlantic:							
Buffalo	+0.9	+1.0	+2.0	‡	‡	+3.1	+0.6
New York	+0.7	+0.3	+3.7	+0.1	+0.1	+2.9	+0.3
Philadelphia	+0.5	+0.5	+1.1	‡	‡	+0.8	+0.2
Pittsburgh	+0.7	—0.5	+4.7	+0.1	‡	+3.2	+0.6
East North Central:							
Chicago	+0.3	—0.8	+4.1	+0.2	‡	+2.0	+0.3
Cincinnati	+0.5	+0.5	+1.0	+0.1	—0.1	+1.1	+0.7
Cleveland	+0.3	+0.3	+1.4	‡	‡	+1.3	+0.3
Detroit	+0.9	+0.7	+3.8	+0.2	‡	+2.6	+0.5
West North Central:							
Kansas City	+1.0	+0.4	+3.3	+0.4	‡	+3.4	+0.7
Minneapolis	+0.4	+0.4	+1.4	+0.1	‡	+1.0	+0.3
St. Louis	+0.5	+0.1	+1.6	+0.3	‡	+1.1	+1.1
South Atlantic:							
Baltimore	+0.6	+1.3	+0.7	+0.4	‡	+0.6	+0.2
Savannah	+1.0	+1.7	+1.2	+0.8	—0.5	+0.6	+0.6
Washington, D. C.	+0.4	—0.2	+2.4	‡	—0.4	+2.4	+0.2
East South Central:							
Birmingham	+0.9	+1.6	+1.1	+0.7	‡	+0.4	+0.5
West South Central:							
Houston	+1.2	+2.0	+2.7	‡	‡	+0.1	+0.5
Mountain:							
Denver	‡	—0.5	+1.4	‡	‡	+0.6	+0.2
Pacific:							
Los Angeles	+0.5	+0.7	+1.9	+0.2	‡	+0.8	+0.3
San Francisco	‡	—0.5	+0.5	‡	+0.3	+0.6	+0.2
Seattle	+0.9	+0.6	+3.5	+0.4	+0.1	+2.1	+0.4

*Based on data for 51 cities. †Based on data for 34 cities. ‡No change.

Table 3 presents indexes of living costs in the 21 cities surveyed by the Bureau of Labor Statistics monthly:

TABLE 3

INDEXES OF THE COST OF GOODS PURCHASED BY WAGE EARNERS AND LOWER-SALARIED WORKERS IN LARGE CITIES OF THE UNITED STATES BY GROUPS OF ITEMS, FEB. 15, 1942

(Average 1935-39=100)

Area and City	All items	Food	Clothing	Rent	Fuel, electricity and ice	House-furnishings	Miscellaneous
Average: Large Cities	112.6	*116.8	118.7	108.6	†104.2	119.8	108.6
New England:							
Boston							
Middle Atlantic:	110.8	115.1	115.7	104.6	110.4	117.2	106.3
Buffalo	115.9	119.6	119.3	114.7	103.3	124.5	112.9
New York	110.9	115.8	117.2	103.0	103.6	115.2	108.4
Philadelphia	111.0	114.5	114.7	106.0	103.4	118.3	108.5
Pittsburgh	112.7	116.3	123.0	107.1	106.7	121.8	107.7
East North Central:							
‡Chicago	112.1	115.1	117.2	112.7	103.4	118.6	107.2
Cincinnati	112.1	116.4	117.8	104.2	102.5	125.3	108.5
Cleveland	115.0	118.1	121.5	116.4	112.0	123.2	107.6
§Detroit	115.4	115.8	121.3	118.6	106.7	120.2	111.7
West North Central:							
Kansas City	110.8	112.7	117.4	108.5	102.8	117.1	108.6
Minneapolis	112.3	115.4	117.3	109.2	98.8	121.5	111.4
St. Louis	112.4	119.9	120.2	104.5	106.3	114.8	106.6
South Atlantic:							
Baltimore	114.6	120.5	117.4	113.6	103.5	125.0	107.2
Savannah	116.1	123.2	119.1	114.7	101.9	118.8	110.1
Washington, D. C.	111.3	116.2	124.4	100.7	101.7	127.9	108.7
East South Central:							
Birmingham	116.1	117.0	121.4	130.4	100.1	118.5	109.3
West South Central:							
Houston	113.7	122.5	122.6	107.4	93.9	120.9	107.5
Mountain:							
Denver	111.2	115.8	115.3	108.4	98.2	117.8	108.2
Pacific:							
Los Angeles	114.0	121.4	120.8	108.8	94.2	116.7	109.4
San Francisco	113.8	120.1	119.4	105.6	93.2	117.2	111.4
Seattle	117.6	126.0	121.2	118.8	100.7	118.2	110.5

*Based on data for 51 cities. †Based on data for 34 cities. ‡Chicago—All Items and Food Indexes revised Jan. 15, 1942—All Items 111.9 to 111.8—Food 116.2 to 116.0. §Detroit—All Items and Food Indexes revised Jan. 15, 1942—All Items 114.5 to 114.4—Food 115.5 to 115.0.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Mar. 13 a summary for the week ended Feb. 28, 1942, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Feb. 28—	Total for Week
Odd-lot Sales by Dealers:	
(Customers' Purchases)	
Number of orders	9,152
Number of shares	232,793
Dollar value	8,706,296
Odd-lot Purchases by Dealers:	
(Customers' Sales)	
Number of orders:	
Customers' short sales	205
Customers' other sales*	9,022
Customers' total sales	9,227
Number of shares:	
Customers' short sales	5,731
Customers' other sales*	219,011
Customers' total sales	224,742
Dollar value	7,187,449
Round-lot Sales by Dealers:	
Number of shares:	
Short sales	230
Other sales†	53,070
Total sales	53,300
Round-lot Purchases by Dealers:	
Number of shares	63,000

*Sales market "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended March 14, 1942

Lumber production during the week ended March 14, 1942, was 4% greater than the previous week, shipments were 11% greater, new business, 6% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 18% above production; new orders 15% above production. Compared with the corresponding week of 1941, production was 2% less, shipments, 10% greater, and new business 3% less. The industry stood at 142% of the average of production in the corresponding week of 1935-39 and 154% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 10 weeks of 1942 was 4% below corresponding weeks of 1941; shipments were 3% above the shipments, and new orders 5% above the orders of the 1941 period. For the 10 weeks of 1942, new business was 23% above production, and shipments were 14% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 48% on March 14, 1942, compared with 37% a year ago. Unfilled orders were 17% greater than a year ago; gross stocks were 9% less.

Softwoods and Hardwoods

Record for the current week ended March 14, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1942 Week	1941 Week	1942 Previous Wk. (Rev.)
Mills	461	461	455
Production	237,107	241,370	227,054
Shipments	280,805	256,307	253,594
Orders	273,298	281,725	258,644

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	379		95	
Production	226,629	—100%	10,478	—100%
Shipments	269,236	119	11,569	110
Orders	260,340	115	12,958	124

Revenue Freight Car Loadings During Week Ended March 14, 1942 Totaled 799,356 Cars

Loading of revenue freight for the week ended March 14, totaled 799,356 cars, the Association of American Railroads announced on March 19. The increase above the corresponding week in 1941 was 39,749 cars or 5.2%, and above the same week in 1940 was 179,968 cars or 29.1%.

Loading of revenue freight for the week of March 14 increased 28,659 cars or 3.7% above the preceding week.

Miscellaneous freight loading totaled 373,871 cars, an increase of 16,353 cars above the preceding week, and an increase of 45,377 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 146,821 cars, a decrease of 1,698 cars below the preceding week, and a decrease of 12,465 cars below the corresponding week in 1941.

Coal loading amounted to 155,612 cars, an increase of 10,239 cars above the preceding week, but a decrease of 6,634 cars below the corresponding week in 1941.

Grain and grain products loading totaled 38,233 cars, a decrease of 123 cars below the preceding week, but an increase of 5,671 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of March 14 totaled 24,211 cars, a decrease of 138 cars below the preceding week, but an increase of 5,179 cars above the corresponding week in 1941.

Live stock loading amounted to 10,868 cars, an increase of 179 cars above the preceding week, and an increase of 679 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of March 14 totaled 8,139 cars, an increase of 309 cars above the preceding week, and an increase of 881 cars above the corresponding week in 1941.

Forest products loading totaled 47,486 cars, an increase of 4,349 cars above the preceding week, and an increase of 8,042 cars above the corresponding week in 1941.

Ore loading amounted to 12,710 cars, a decrease of 631 cars below the preceding week, and a decrease of 555 cars below the corresponding week in 1941.

Coke loading amounted to 13,755 cars, a decrease of 9 cars below the preceding weeks, and a decrease of 366 cars below the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Eastern and Pocahontas. All districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	3,465,685
Week of March 7	770,697	742,617	620,596
Week of March 14	799,356	759,607	619,388
Total	8,551,099	7,823,198	6,921,234

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended March 14, 1942. During this period 95 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED MARCH 14

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	592	545	572	1,478	1,437
Bangor & Aroostook	2,236	2,168	2,368	208	174
Boston & Maine	7,979	8,140	7,004	15,691	12,451
Chicago, Indianapolis & Louisville	1,584	1,355	1,240	2,063	2,413
Central Indiana	27	22	20	73	66
Central Vermont	1,338	1,380	1,299	2,238	2,140
Delaware & Hudson	6,665	6,498	4,139	12,889	9,650
Delaware, Lackawanna & Western	8,747	9,442	8,391	9,282	8,399
Detroit & Mackinac	232	212	241	173	97
Detroit, Toledo & Ironton	2,180	3,185	2,529	1,881	1,625
Detroit & Toledo Shore Line	398	384	288	3,249	4,490
Erie	13,879	14,167	10,763	16,372	14,812
Grand Trunk Western	4,467	6,061	4,607	8,463	9,881
Lehigh & Hudson River	288	165	168	3,141	2,556
Lehigh & New England	1,871	1,710	1,546	1,939	1,374
Lehigh Valley	9,043	9,562	7,461	9,709	8,736
Maine Central	2,952	3,031	2,723	4,205	3,598
Monongahela	6,518	6,343	4,384	497	349
Montour	2,115	2,246	1,566	24	32
New York Central Lines	46,122	48,524	37,990	55,641	47,819
N. Y., N. H. & Hartford	12,294	11,347	9,140	19,331	15,218
New York, Ontario & Western	1,144	1,092	947	3,067	2,178
New York, Chicago & St. Louis	7,173	5,867	4,826	15,437	12,644
N. Y., Susquehanna & Western	549	431	359	1,400	1,743
Pittsburgh & Lake Erie	8,301	8,026	5,529	8,082	7,582
Pere Marquette	4,979	6,389	5,741	6,725	6,583
Pittsburgh & Shawmut	552	567	532	43	41
Pittsburgh, Shawmut & North	435	381	385	333	276
Pittsburgh & West Virginia	770	1,183	869	2,259	2,067
Rutland	551	568	576	1,059	1,069
Wabash	5,937	6,489	5,339	11,334	11,376
Wheeling & Lake Erie	4,881	4,442	3,412	4,255	4,047
Total	166,739	171,922	136,954	222,541	196,923
Allegheny District—					
Akron, Canton & Youngstown	656	581	443	1,091	1,078
Baltimore & Ohio	40,766	38,018	28,723	25,558	20,609
Bessemer & Lake Erie	3,320	4,138	2,446	1,589	1,719
Buffalo Creek & Gauley	293	288	287	10	5
Cambria & Indiana	1,968	1,751	1,447	13	14
Central R. R. of New Jersey	7,919	7,419	5,633	18,115	14,409
Cornwall	18	624	613	76	85
Cumberland & Pennsylvania	287	321	235	31	31
Ligonier Valley	119	161	122	59	34
Long Island	845	737	421	3,844	3,197
Penn-Reading Seashore Lines	1,773	1,371	1,110	2,656	1,832
Pennsylvania System	78,396	75,838	55,179	58,542	49,692
Reading Co.	15,456	16,828	13,218	28,363	22,219
Union (Pittsburgh)	20,139	19,905	13,174	4,020	4,384
Western Maryland	4,048	4,034	3,483	11,695	8,710
Total	176,003	172,014	126,534	155,662	128,018
Pocahontas District—					
Chesapeake & Ohio	25,858	26,979	23,307	11,060	11,134
Norfolk & Western	22,797	23,091	17,727	6,339	6,259
Virginian	4,726	4,434	4,168	1,980	1,470
Total	53,381	54,504	45,202	19,379	18,863
Southern District—					
Alabama, Tennessee & Northern	345	274	209	366	146
Atl. & W. P.—W. R. R. of Ala.	946	806	751	2,128	1,729
Atlanta, Birmingham & Coast	835	786	615	1,474	1,139
Atlantic Coast Line	14,308	11,763	9,501	9,702	6,681
Central of Georgia	4,620	4,745	3,765	4,429	3,730
Charleston & Western Carolina	431	436	388	1,933	1,665
Clinchfield	1,609	1,725	1,443	3,068	2,959
Columbus & Greenville	274	264	324	251	336
Durham & Southern	182	184	199	572	757
Florida East Coast	2,690	1,168	1,101	1,117	944
Gainsville Midland	45	38	27	151	136
Georgia	1,515	1,134	793	2,538	2,047
Georgia & Florida	454	365	278	600	711
Gulf, Mobile & Ohio	4,315	3,842	3,282	3,593	3,175
Illinois Central System	28,885	23,742	20,253	14,903	13,515
Louisville & Nashville	24,865	25,087	20,327	9,295	7,581
Macon, Dubin & Savannah	204	164	140	798	797
Mississippi Central	223	231	131	457	451
Nashville, Chattanooga & St. L.	3,972	3,249	2,750	3,977	3,408
Norfolk Southern	1,228	1,055	918	1,449	1,257
Piedmont Northern	522	480	408	1,402	1,618
Richmond, Fred. & Potomac	457	393	322	10,124	5,993
Seaboard Air Line	11,258	10,147	9,192	7,706	6,438
Southern System	25,453	24,825	19,627	23,333	18,590
Tennessee Central	620	550	389	809	758
Winston-Salem Southbound	163	159	131	921	948
Total	130,419	117,612	97,264	107,096	87,509
Northwestern District—					
Chicago & North Western	17,342	15,634	14,006	13,583	11,928
Chicago Great Western	2,834	2,460	2,179	3,311	3,264
Chicago, Milw., St. P. & Pac.	21,511	20,810	17,931	9,763	8,730
*Chicago ,St. Paul, Minn. & Omaha	4,163	3,650	3,216	4,399	3,916
Duluth, Missabe & Iron Range	1,353	805	580	420	257
Duluth, South Shore & Atlantic	717	607	468	580	491
Elgin, Joliet & Eastern	10,008	9,883	6,202	10,546	8,825
Ft. Dodge, Des Moines & South	596	443	390	140	151
Great Northern	11,783	10,712	9,288	4,485	3,688
Green Bay & Western	512	530	505	862	727
Lake Superior & Ishpeming	260	247	139	63	89
Minneapolis & St. Louis	2,482	1,781	1,542	2,460	2,256
Minn., St. Paul & S. S. M.	5,412	4,990	4,624	3,647	2,540
Northern Pacific	10,410	9,477	9,064	4,732	4,181
Spokane International	103	91	89	329	301
Spokane, Portland & Seattle	2,736	2,283	1,844	2,608	1,631
Total	92,222	84,403	72,067	61,928	52,975
Central Western District—					
Atch., Top. & Santa Fe System	22,146	18,053	17,306	8,784	7,585
Alton	3,531	3,279	2,658	4,211	2,846
Bingham & Garfield	786	468	486	126	131
Chicago, Burlington & Quincy	16,019	16,330	14,554	10,484	9,463
Chicago & Illinois Midland	2,853	2,668	2,208	918	781
Chicago, Rock Island & Pacific	12,006	11,232	10,012	12,112	10,793
Chicago & Eastern Illinois	2,673	3,017	2,523	3,237	3,464
Colorado & Southern	843	752	689	1,840	1,587
Denver & Rio Grande Western	3,149	2,520	2,253	4,239	3,233
Denver & Salt Lake	505	620	550	14	9
Fort Worth & Denver City	1,120	916	916	1,189	1,059
Illinois Terminal	2,174	1,794	1,861	1,684	1,575
Missouri-Illinois	1,197	830	826	530	575
Nevada Northern	1,913	1,896	1,824	133	192
North Western Pacific	914	761	672	379	425
Peoria & Pekin Union	20	3	11	0	0
Southern Pacific (Pacific)	27,384	24,468	20,663	9,452	6,748
Toledo, Peoria & Western	254	377	325	1,151	1,426
Union Pacific System	15,534	14,780	13,024	11,187	9,331
Utah	529	409	298	7	2
Western Pacific	1,606	1,700	1,523	2,973	2,170
Total	117,156	106,873	95,182	74,650	63,395
Southwestern District—					
Burlington-Rock Island	683	154	135	262	216
Gulf Coast Lines	5,178	3,745	3,156	2,522	1,683
International-Great Northern	2,156	1,741	1,790	2,827	2,375
Kansas, Oklahoma & Gulf	316	230	202	1,051	1,052
Kansas City Southern	3,711	2,183	2,010	2,800	2,484
Louisiana & Arkansas	2,707	2,067	1,704	2,063	1,712
Litchfield & Madison	417	350	410	1,192	1,075
Midland Valley	498	570	549	226	193
Missouri & Arkansas	226	183	166	458	371
Missouri-Kansas-Texas Lines	5,240	4,100	3,799	4,124	3,253
Missouri Pacific	15,523	14,920	13,112	14,878	10,679
Quanah Acme & Pacific	198	98	60	193	114
St. Louis-San Francisco	8,783	8,042	6,354	7,711	5,586
St. Louis Southwestern	3,302	2,643	2,334	5,700	3,260
Texas & New Orleans	10,051	7,272	6,568	4,706	3,898
Texas & Pacific	4,282	3,820	3,707	6,126	4,435
Wichita Falls & Southern	150	150	111	52	54
Weatherford M. W. & N. W.	15	11	18	26	50
Total	63,436	52,279	46,185	56,917	42,490

Note—Previous year's figures revised.

Record Freight Traffic Handled By Railroads In 1941

Railroads of the United States in 1941 moved an average of 904,000 tons of revenue freight one mile every minute in the year. In the month of October, the period of peak traffic, they moved 1,069,000 tons a mile every minute. This was shown by complete reports for the year just received from the individual railroads by the Bureau of Railway Economics, Association of American Railroads, and made public on March 23. The Association's statement added:

> Railroads in 1941 moved 475 billion ton miles—the number of tons of freight multiplied by the distance carried. This was the heaviest volume of freight traffic ever handled by the railroads in any year. It exceeded by 6.2% the previous record established in 1929, and was an increase of 27.3% compared with 1940.
>
> This traffic was handled without congestion or car shortage, moving smoothly and without delay. The record traffic in 1941 took place despite the fact that carloads of revenue freight were 20% less than in 1929, and was due to a combination of heavier loading per car and longer haul per ton than in any previous year.
>
> While a forecast as to possible freight traffic in the current year is difficult owing to uncertainty as to the amount of war materials to be moved and the effect on non-defense industries of priorities and orders curtailing production, the railroads anticipate that the volume of freight traffic measured in ton-miles will be appreciably greater in 1942 than in 1941. If materials for construction of new freight cars and locomotives and for maintenance purposes can be obtained, the railroads are confident of their ability to continue to meet military and civilian transportation demands.

Rubber Situation Grave

Price Administrator Leon Henderson said on Mar. 5 that there is little hope that the ordinary passenger car operator can get either a new or recapped tire in 1942, 1943 or 1944 and that if extreme care isn't taken it may be necessary to confiscate tires on private cars. Appearing before the Senate Committee Investigating National Defense Activities to warn of the gravity of the rubber supply situation, Mr. Henderson declared that "we will not only have to do without tires but we will also be without a multitude of other rubber articles which have become essential parts of standards of life."

With regard to the crude rubber outlook for the next three years, Mr. Henderson, who is also head of the War Production Board's Division of Civilian Supply, said that at the current rate of use of rubber the United Nations would have had net stocks at the end of 1942 of only 278,000 tons and faced a complete exhaustion of stockpiles by the end of March, 1943. He added that when increased delivery of synthetic rubber, by 300,000 tons in 1943 and by 600,000 tons in 1944, is considered, the stockpiles would be exhausted in May, 1943. In order to meet the requirements of the United Nations for the next three years, Mr. Henderson said it was necessary to curtail the allocations of all classes of users by 25%, effective immediately. He pointed out that the allocation for civilian purposes does not provide any rubber for any of the 30,000,000 passenger cars and warned that the situation will be "immeasurably worse" if the synthetic rubber plants are not completed on schedule. Mr. Henderson added:

> When the tires on the average passenger car begin to go bad, that car will have to be taken out of operation. We hope at best, as we see it now, to maintain in operation over the next three years, a total of 7,500,000 passenger cars, including those belonging to a large number of defense workers.

River-Harbor Bill Shelved

The $1,000,000,000 Rivers and Harbors bill, which was scheduled to come up for consideration in the House this month, has been temporarily shelved and further action is expected to be deferred until some time in April.

Representative Mansfield of Texas, Chairman of the House Rivers and Harbors Committee, said that he had abandoned plans to seek Congressional approval of the measure this month "because of the temper of the House." This controversial measure would authorize numerous navigation and power developments, including the $285,000,000 St. Lawrence seaway and the $200,000,000 Florida ship canal. President Roosevelt last month urged that speedy action be taken on the bill because it contained many projects "urgently needed on account of the war;" this was noted in our issue of Feb. 19, page 776.

Get Transport Posts

Appointment of several executives to positions in the Division of Local Transport of the Office of Defense Transportation was announced on Mar. 11 by Joseph B. Eastman, Director of Defense Transportation. The appointments follow:

W. S. Rainville, Jr., has been named Assistant Director of the Division.

Clewell Sykes becomes Chief of the Taxicab Section of the Division of Local Transport.

Felix C. Reifschneider has been appointed Local Transport Engineer and has been assigned to duty in the field.

Weekly Coal and Coke Production Statistics

Recovering from the sharp decrease in the preceding week, production of soft coal in the week ended March 14 amounted to 11,050,000 net tons, indicating a gain of 895,000 tons, or 8.8%, according to the Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report. In the corresponding week of 1941, production was estimated at 11,064,000 tons.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended March 14 was estimated at 1,175,000 tons, a decrease of 4,000 tons (0.3%) from the preceding week. When compared with the output in the corresponding week of 1941, however, there was an increase of 7.2%. The calendar year 1942 to date shows a decrease of less than 0.1% when compared with the corresponding period of 1941.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended			January 1 to date		
	Mar. 14 1942	‡Mar. 7 1942	Mar. 15 1941	§Mar. 14 1942	Mar. 15 1941	Mar. 13 1937
*Bituminous coal	000's omitted					
Total, including mine fuel	11,050	10,155	11,064	114,004	108,477	106,774
Daily average	1,842	1,693	1,844	1,839	1,722	1,753
†Crude petroleum—						
Coal equiv. of weekly output	5,631	6,302	5,867	67,970	61,228	53,681

*Includes for purposes of historical comparison and statistical convenience the production of lignite. †Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, 1939, page 702). ‡Revised. §Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar year to date		
	Mar. 14 1942	Mar. 7 1942	Mar. 15 1941	Mar. 14 1942	Mar. 15 1941	Mar. 16 1929
Penn. anthracite—						
*Total, incl. colliery fuel	1,175,000	1,179,000	1,096,000	11,658,000	11,662,000	16,189,000
†Commercial production	1,116,000	1,120,000	1,041,000	11,075,000	11,079,000	15,023,000
Beehive coke—						
United States total	132,400	151,800	139,800	1,540,900	1,308,400	1,303,300
By-product coke—						
United States total	1,168,600	1,166,300	‡	12,251,100	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					¶March avge.
State—	Mar. 7 1942	Feb. 28 1942	Mar. 8 1941	Mar. 9 1940	Mar. 6 1937	1923
Alaska	3	2	3	2	2	**
Alabama	378	385	355	302	305	423
Arkansas and Oklahoma	62	71	73	31	60	77
Colorado	154	174	152	103	177	195
Georgia and North Carolina	††	1	1	1	1	**
Illinois	1,250	1,405	1,220	996	1,501	1,684
Indiana	520	540	532	351	517	575
Iowa	67	84	63	49	117	122
Kansas and Missouri	175	167	185	120	188	144
Kentucky—Eastern	720	830	837	671	865	560
Kentucky—Western	276	277	253	157	269	215
Maryland	35	40	38	33	38	52
Michigan	7	6	10	12	18	32
Montana	77	74	62	46	70	68
New Mexico	28	26	28	18	40	53
North and South Dakota	58	60	59	35	52	**34
Ohio	646	695	591	412	651	740
Pennsylvania bituminous	2,525	2,760	2,656	2,034	2,817	3,249
Tennessee	144	151	142	106	116	118
Texas	9	8	9	13	15	19
Utah	96	100	72	56	110	68
Virginia	308	370	372	277	325	230
Washington	35	32	40	28	43	74
*West Virginia—Southern	1,648	1,996	2,098	1,645	2,049	1,172
†West Virginia—Northern	775	866	779	584	753	717
Wyoming	158	144	118	91	141	136
‡Other Western States	1	1	††	††	††	**7
Total bituminous coal	10,155	11,265	10,748	8,173	11,240	10,764
§Pennsylvania anthracite	1,179	1,295	1,119	1,064	689	2,040
Total, all coal	11,334	12,560	11,867	9,237	11,929	12,804

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Activity in Cotton Spinning Industry for Feb. '42

The Bureau of the Census announced on March 19 that according to preliminary figures 24,045,202 cotton spinning spindles were in place in the United States on Feb. 28, 1942, of which 23,077,722 were operated at some time during the month, compared with 23,077,352 for January, 23,063,112 for December, 23,069,146 for November, 23,043,310 for October, 22,963,944 for September, and 22,777,280 for February, 1941. The aggregate number of active spindle hours reported for the month was 10,456,698,714 Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during February, 1942, at 135.9% capacity. This percentage compares, on the same basis, with 136.9 for January, 124.0 for December, 129.4 for November, 125.8 for October, 123.7 for September, and 114.0 for February, 1941. The average number of active spindle hours per spindle in place for the month was 435. The total number of cotton spinning spindles in place, the number active, the number of active spindle hours, and the average hours per spindle in place by States, are shown in the following statement:

	Spinning Spindles		Active Spindle Hrs. for Feb.	
State—	In place Feb. 28	Active during February	Total	Average per spindle in place
United States	24,045,202	23,077,722	10,456,698,714	435
Cotton Growing States	17,944,544	17,470,838	8,322,869,160	464
New England States	5,391,318	4,954,202	1,903,265,811	353
All other States	709,340	652,282	230,563,743	325
Alabama	1,827,312	1,805,618	889,378,866	487
Connecticut	522,088	477,370	165,094,096	316
Georgia	3,159,552	2,022,874	1,444,561,337	457
Maine	643,596	597,808	249,008,605	387
Massachusetts	2,989,418	2,746,936	1,026,729,949	343
Mississippi	157,896	133,840	63,437,760	402
New Hampshire	287,532	267,644	124,206,217	432
New York	323,100	291,498	106,711,724	330
North Carolina	5,797,198	5,676,256	2,549,735,652	440
Rhode Island	914,124	830,172	321,099,008	351
South Carolina	5,404,554	5,292,460	2,626,319,333	486
Tennessee	551,080	538,810	299,333,556	543
Texas	242,294	229,514	106,792,704	441
Virginia	636,596	606,088	280,117,328	440
All other States	588,862	560,834	204,172,579	347

Trading On New York Exchanges

The Securities and Exchange Commission made public on March 13 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Feb. 21, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Feb. 21 (in round-lot transactions) totaled 599,370 shares, which amount was 14.27% of total transactions on the Exchange of 2,100,460 shares. This compares with member trading during the previous week ended Feb. 14 of 603,460 shares, or 14.60% of total trading of 2,065,240 shares. On the New York Curb Exchange, member trading during the week ended Feb. 21 amounted to 87,885 shares, or 12.61% of the total volume on that Exchange of 348,545 shares; during the preceding week trading for the account of Curb members of 102,930 shares was 16.30% of total trading of 315,760 shares.

The Commission made available the following data for the week ended Feb. 21:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,042	749
1. Reports showing transactions as specialists	179	88
2. Reports showing other transactions initiated on the floor	146	16
3. Reports showing other transactions initiated off the floor	149	45
4. Reports showing no transactions	636	607

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)
Week Ended Feb. 21, 1942

	Total For Week	Per Cent a
A. Total Round-Lot Sales:		
Short sales	88,290	
Other sales b	2,012,170	
Total sales	2,100,460	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	169,700	
Short sales	38,510	
Other sales b	131,250	
Total sales	169,760	8.08
2. Other transactions initiated on the floor—		
Total purchases	79,670	
Short sales	14,600	
Other sales b	63,730	
Total sales	78,330	3.76
3. Other transactions initiated off the floor—		
Total purchases	44,900	
Short sales	6,350	
Other sales b	50,660	
Total sales	57,010	2.43
4. Total—		
Total purchases	294,270	
Short sales	59,460	
Other sales b	245,640	
Total sales	305,100	14.27

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)
Week Ended Feb. 21, 1942

	Total For Week	Per Cent a
A. Total Round-Lot Sales:		
Short sales	3,110	
Other sales b	345,435	
Total sales	348,545	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	29,610	
Short sales	2,060	
Other sales b	34,530	
Total sales	36,590	9.50
2. Other transactions initiated on the floor—		
Total purchases	4,050	
Short sales	200	
Other sales b	2,000	
Total sales	2,200	0.90
3. Other transactions initiated off the floor—		
Total purchases	6,185	
Short sales	550	
Other sales b	8,700	
Total sales	9,250	2.21
4. Total—		
Total purchases	39,845	
Short sales	2,810	
Other sales b	45,230	
Total sales	48,040	12.61
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	80	
Customers' other sales c	26,100	
Total purchases	26,180	
Total sales	13,391	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

Fertilizer Ass'n Price Index Unchanged

The weekly wholesale commodity price index compiled by The National Fertilizer Association which was made public March 23, remained unchanged last week. In the week ended March 21, 1942, this index stood at 124.0% of the 1935-1939 average, the same as in the preceding week. A month ago it registered 122.2, and a year ago, 102.6.

Although there were fractional advances in several industrial groups as well as in the farm products group, the decline in the foods group was enough to hold the general index to the same level as it was in the preceding week. Prices were mixed in both the foods and farm products groups. Declining prices in cheese, flour, oranges, potatoes, dried beans, and pork more than offset advancing prices in corn meal, dried fruits, canned vegetables, fresh veal and lamb, and corn oil in the foods group, while in the farm products group gains in cotton and livestock were more than enough to offset the losses in grains and lambs. A slight increase in cotton prices was just enough to raise the index of the textiles group fractionally. Other groups showing small gains were building materials, because of higher quotations for linseed oil; miscellaneous commodities, due to higher prices for cottonseed meal and feedstuffs; and a slight advance in farm machinery.

During the week 24 price series in the index advanced and 12 declined; in the preceding week there were 24 advances and 12 declines and in the second preceding week there were 26 advances and 10 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
*1935—1939=100

% Each Group Bears to the Total Index	Group	Latest Week Mar. 21 1942	Preceding Week Mar. 14 1942	Month Ago Feb. 14 1942	Year Ago Mar. 22 1941
25.3	Foods	120.9	121.6	118.2	96.1
	Fats and Oils	136.2	136.1	135.6	85.9
	Cottonseed Oil	159.0	159.0	158.7	87.2
23.0	Farm Products	134.4	133.8	131.7	96.0
	Cotton	184.2	183.8	180.8	100.7
	Grains	117.6	119.8	119.1	89.1
	Livestock	128.5	127.0	124.6	95.7
17.3	Fuels	113.3	113.3	113.8	102.1
10.8	Miscellaneous commodities	127.9	127.5	127.0	113.4
8.2	Textiles	147.0	146.9	146.1r	118.0
7.1	Metals	104.4	104.4	104.4	103.5
6.1	Building materials	139.8	139.6	135.1	117.6
1.3	Chemicals and drugs	120.3	120.3	120.3	104.0
.3	Fertilizer materials	118.9	118.9	118.4	105.8
.3	Fertilizers	115.3	115.3	114.0	102.0
.3	Farm machinery	104.1	103.8	103.5	99.8
100.0	All groups combined	124.0	124.0	122.2r	102.6

*Indexes on 1926-1928 base were: March 21, 1942, 96.6; March 14, 1942, 96.6; and March 22, 1941, 79.9. *r* Revised.

Census Bureau Report on Cotton Ginning

The Bureau of the Census of the Department of Commerce at Washington issued on March 20 its final report on cotton ginning (excluding linters). This report shows that for the present season there were 10,728,751 500-lb. bales of lint cotton ginned, including 23,788 bales which ginners estimated would be turned out after the March canvass. The 1940 crop yielded 12,564,988 and the 1939 crop 11,815,759. Taking linters into consideration, this year's crop will probably amount to 11,650,000 bales. This computation is based on the report of the Bureau of the Census, which shows that 895,119 running bales of linters were produced from Aug. 1, 1941 to Feb. 28, 1942. The present report in full, showing the production of lint cotton by States, in both running bales and the equivalent of 500-lb. bales is as follows:

REPORT OF COTTON GINNED—CROPS OF 1941, 1940 AND 1939

State—	Cotton Ginned (Exclusive of Linters) — Running Bales (Counting Round as Half Bales) *1941	*1940	*1939	Equivalent—500-pound Bales 1941	1940	1939
United States	10,488,885	12,297,970	11,481,300	10,728,751	12,564,988	11,815,759
Alabama	774,391	768,525	769,696	788,922	775,459	781,602
Arizona	177,551	190,194	199,830	181,937	195,955	202,502
Arkansas	1,381,056	1,477,110	1,359,884	1,437,468	1,510,238	1,421,694
California	394,151	530,479	435,085	401,214	543,497	442,327
Florida	14,874	17,916	9,671	14,358	17,502	9,026
Georgia	637,435	1,006,657	908,990	629,710	1,015,453	919,349
Illinois	5,474	3,761	4,130	5,748	3,769	4,360
Kentucky	17,118	11,238	13,037	16,854	10,900	12,632
Louisiana	310,510	448,996	717,921	313,483	456,886	744,898
Mississippi	1,387,127	1,238,286	1,536,263	1,421,524	1,250,412	1,585,149
Missouri	470,886	395,828	427,824	471,356	384,590	431,774
New Mexico	96,077	114,583	93,831	97,639	117,830	95,320
North Carolina	568,350	748,644	461,715	559,578	743,691	460,166
Oklahoma	692,209	764,706	511,850	709,223	789,317	517,373
South Carolina	408,056	945,781	852,081	402,914	968,354	873,288
Tennessee	574,013	502,871	432,383	592,615	507,277	445,489
Texas	2,555,611	3,111,051	2,736,764	2,660,453	3,252,556	2,858,525
Virginia	23,996	21,344	10,345	23,755	21,302	10,285

*Includes 1,969 bales of the crop of 1941 ginned prior to Aug. 1 which was counted in the supply for the season of 1940-41, compared with 32,187 and 137,254 bales of the crops of 1940 and 1939.

The statistics in this report for 1941 are subject to revision. Included in the total for 1941 are 23,788 bales which ginners estimated would be turned out after the March canvass; round bales 875 for 1941; 3,472 for 1940; and 175,189 for 1939; American-Egyptian bales 57,562 for 1941; 32,325 for 1940; and 26,826 for 1939. Sea-Island 3,434 for 1941; 4,941 for 1940; and 2,192 for 1939.

The average gross weight of the bale for the crop, counting round as half bales and excluding linters is 511.4 pounds for 1941; 510.9 for 1940; and 514.6 for 1939. The number of ginneries operated for the crop of 1941 is 11,147 compared with 11,650 for 1940; and 11,885 for 1939.

Consumption, Stocks, Imports, and Exports — United States

Cotton consumed during the month of February, 1942, amounted to 893,745 bales. Cotton on hand in consuming establishments on Feb. 28, was 2,579,789 bales, and in public storages and at compresses 12,213,134 bales. The number of active consuming cotton spindles for the month was 23,077,722.

In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
Mar. 24	118.27	106.56	115.82	113.31	107.44	91.91	97.16	110.15	113.12
23	118.25	106.39	115.63	113.12	107.27	91.62	97.00	109.97	112,93
21	117.89	106.21	115.43	113.12	107.09	91.34	97.00	109.27	112.75
20	117.80	106.21	115.63	113.12	107.09	91.34	96.85	109.79	112.93
19	117.75	106.21	115.63	113.12	107.09	91.34	96.85	109.79	112.93
18	117.67	106.21	115.63	113.12	107.09	91.34	96.85	109.60	112.93
17	117.65	106.21	115.63	112.93	107.09	91.34	96.85	109.60	112.93
16	117.52	106.21	115.43	112.93	107.27	91.34	96.85	109.60	112.93
14	117.43	106.21	115.63	112.93	107.09	91.34	96.85	109.60	112.75
13	117.33	106.21	115.43	112.93	107.27	91.34	96.85	109.60	112.75
12	117.32	106.21	115.63	112.93	107.27	91.48	96.85	109.79	112.93
11	117.45	106.21	115.63	113.12	107.27	91.48	96.85	109.97	113.12
10	117.46	106.21	115.43	112.93	107.27	91.48	96.85	109.79	112.93
9	117.45	106.39	115.63	113.12	107.44	91.48	96.85	109.79	113.12
7	117.38	106.39	115.63	113.12	107.44	91.48	96.85	109.79	113.31
6	117.32	106.21	115.63	112.93	107.27	91.62	96.85	109.79	113.31
5	117.17	106.39	115.82	113.12	107.44	91.62	96.85	109.97	113.31
4	117.07	106.39	115.63	113.12	107.62	91.62	97.00	109.97	113.31
3	116.77	106.39	115.63	113.31	107.44	91.62	97.00	109.97	113.31
2	116.78	106.56	115.82	113.31	107.62	91.62	96.85	110.15	113.31
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
20	116.32	106.56	115.82	113.31	107.80	91.62	96.85	110.34	113.50
13	116.27	106.74	116.41	113.50	107.80	91.77	97.16	110.70	113.50
6	117.02	106.74	116.41	113.50	107.80	91.91	97.16	110.70	113.70
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
23	117.51	106.92	116.22	114.08	107.62	91.91	97.31	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1942	118.25	106.92	116.61	114.08	107.98	92.06	97.47	110.88	113.89
Low 1942	115.90	106.04	115.43	112.93	107.09	90.63	95.92	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago Mar. 24, 1941	117.68	105.86	116.61	112.75	106.21	90.77	96.38	109.97	112.37
2 Years ago Mar. 23, 1940	116.42	102.80	116.22	112.56	101.80	84.81	90.63	107.98	111.44

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Mar. 24	3.36	2.86	2.99	3.31	4.28	3.93	3.16	3.00
23	3.37	2.87	3.00	3.32	4.30	3.94	3.17	3.01
21	3.38	2.88	3.00	3.33	4.32	3.94	3.18	3.02
20	3.38	2.87	3.00	3.33	4.32	3.95	3.18	3.01
19	3.38	2.87	3.00	3.33	4.32	3.95	3.18	3.01
18	3.38	2.87	3.00	3.33	4.32	3.95	3.19	3.01
17	3.38	2.87	3.01	3.33	4.32	3.95	3.19	3.01
16	3.38	2.88	3.01	3.32	4.32	3.95	3.19	3.01
14	3.38	2.87	3.01	3.33	4.32	3.95	3.19	3.02
13	3.38	2.88	3.01	3.32	4.32	3.95	3.19	3.02
12	3.38	2.87	3.01	3.32	4.31	3.95	3.18	3.01
11	3.38	2.87	3.00	3.32	4.31	3.95	3.17	3.00
10	3.38	2.88	3.01	3.32	4.31	3.95	3.18	3.01
9	3.37	2.87	3.00	3.31	4.31	3.95	3.18	3.00
7	3.37	2.87	3.00	3.31	4.31	3.95	3.18	2.99
6	3.38	2.87	3.01	3.32	4.30	3.95	3.18	2.99
5	3.37	2.86	3.00	3.31	4.30	3.95	3.17	2.99
4	3.37	2.87	3.00	3.30	4.30	3.94	3.17	2.99
3	3.37	2.87	2.99	3.31	4.30	3.94	3.17	2.99
2	3.36	2.86	2.99	3.30	4.30	3.95	3.16	2.99
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
20	3.36	2.86	2.99	3.29	4.30	3.95	3.15	2.98
13	3.35	2.83	2.98	3.29	4.29	3.93	3.13	2.98
6	3.35	2.83	2.98	3.29	4.28	3.93	3.13	2.97
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
23	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.97
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
High 1942	3.39	2.88	3.01	3.33	4.37	4.01	3.19	3.02
Low 1942	3.34	2.82	2.95	3.28	4.27	3.91	3.12	2.96
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago Mar. 24, 1941	3.40	2.82	3.02	3.38	4.36	3.98	3.17	3.04
2 Years ago Mar. 23, 1940	3.58	2.84	3.03	3.64	4.80	4.37	3.28	3.09

*** These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.**

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Bank Debits Up 10% From Last Year

Bank debits as reported by banks in leading centers for the week ended March 18 aggregated $12,363,000,000. Total debits during the 13 weeks ended March 18 amounted to $143,904,000,000, or 16% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 7% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 21%.

SUMMARY BY FEDERAL RESERVE DISTRICTS
[In millions of dollars]

Federal Reserve District—	Week Ended Mar. 18, 1942	Week Ended Mar. 19, 1941	13 Weeks Ended Mar. 18, 1942	13 Weeks Ended Mar. 19, 1941
Boston	683	611	8,409	7,052
New York	4,828	4,895	55,709	51,737
Philadelphia	675	559	7,896	6,570
Cleveland	931	765	10,696	8,975
Richmond	500	424	5,882	4,839
Atlanta	417	345	5,046	4.067
Chicago	1,888	1,652	21,772	18,399
St. Louis	396	333	4,736	3,773
Minneapolis	227	173	2,660	2,071
Kansas City	400	332	4,681	3,716
Dallas	351	278	4,022	3,179
San Francisco	1,066	857	12,393	10,134
Total, 274 reporting centers	12,363	11,223	143,904	124,512
New York City*	4,289	4,514	50,464	47,282
140 other centers*	6,967	5,816	80,567	66,909
133 other reporting centers	1,107	893	12,873	10,322

*Included in the national series covering 141 centers, available beginning with 1919.

Nelson Warns Against "False Complacency"

Donald M. Nelson, Chairman of the War Production Board, revealed in a radio address on March 17 that United States airplane production has increased more than 50% since Pearl Harbor but warned against "false complacency," explaining that "we are nowhere near our goals." "We need more and forever more of these weapons and we need them now," he said. "We have got to realize the value of time."

Saying that some people still are not aware of their importance in the war, Mr. Nelson pledged his word to "knock down such indifference or interference" wherever it is found.

He said he was both "pleased and alarmed" that the Nazis did not like the war production drive—the reasons being that they know it "means ultimate defeat for them" and so will seize every opening to spread doubt and confusion.

Mr. Nelson said to "beware of the man who instills doubt in your mind," because "groundless fears of a few people could bog down the whole effort." He added that unless the enemy can divide the nation by fear and distrust "then he is licked." Mr. Nelson concluded by declaring that "Hitler cannot and will not split this great American production team."

In his radio talk over the major networks, the War Production chief also asserted that the drive launched to increase production provides for joint labor-management committees and calls for greater plant efficiency. He continued:

> This drive is not designed to further the special interests of a group. It is not a scheme to promote company unions. It is not a device to add to or tear down power or position of any existing unions. It does not interfere with bargaining machinery wherever it exists. It is not a management plan, a labor plan or any other plan. It is the War Production Board Plan. It is a perfectly simple straightforward effort to increase production.

Draft Registrants To Be Queried On Skills

The Selective Service headquarters at Washington announces that a special questionnaire will soon be sent to the approximately 26,500,000 men between the ages of 20 and 45 registered under the selective service requiring them to list their occupational skills which may be needed in war production industries. The questionnaire will be sent through local draft boards and when filled out will be forwarded to the National Roster of Scientific and Specialized Personnel to find out facts about persons with professional and scientific qualifications and to the United States Employment Service to classify those with "critical and essential" occupations. The vocational questionnaire will first be sent to the 9,000,000 men who registered on Feb. 16 and later will be sent to those men who signed up in the two earlier registrations, and are not in the Army, as well as those in subsequent registrations.

Moody's Daily Commodity Index

Tuesday, March 17	230.1
Wednesday, March 18	229.6
Thursday, March 19	229.4
Friday, March 20	229.3
Saturday, March 21	229.5
Monday, March 23	229.4
Tuesday, March 24	230.1
Two weeks ago, March 10	229.5
Month ago, Feb. 24	228.1
Year ago, March 24	182.8
1941 High—Sept. 9	219.9
Low—Feb. 27	171.6
1942 High—March 12	230.2
Low—Jan. 2	220.0

Steel Output Tops All Records—War Needs Predominate—Ore Movement On Lakes Near

Steel production in the United States this week rose to a new all-time high of 98% of capacity, reports "The Iron Age" in its issue today (March 26). A two-point advance at Pittsburgh to 99% of capacity, a 14-point upswing at Buffalo to 104%, and a 13-point rise to 101% in the South Ohio river area were the chief factors in the gain. The flow of scrap, responding to warmer weather, continues to show spotty improvement and cleared the way for stronger mill schedules, adds the "Age," which further goes on to say:

Buffalo's sharp advance followed relighting of four furnaces at the Bethlehem Steel Co.'s plant at Buffalo, N. Y. While the company's scrap reserve covers only a few days operations, officials believe that present efforts to bring out scrap will provide sufficient material to keep the four additional furnaces in operation. The gain in the South Ohio river area resulted from resumption of melting operations by Andrews Steel Co. The Chicago steelmaking rate is unchanged at 104%, Youngstown down one to 99%, Philadelphia down a half point to 90%, Cleveland off three to 93%, Wheeling unchanged at 83%, Birmingham unchanged at 99%, Detroit unchanged at 94%, and the Eastern district nine points higher at 109%.

Appointment by the WPB Bureau of Conservation of a special salvage division is the latest step to get out more iron and steel scrap. This division will attempt to expedite movement of large scrap accumulations which are held up by obstacles such as uncertain ownership, high cost of demolition, remote locations, and other complications. The move is one for which the scrap trade long has hoped. In Canada, all automobile wreckers have been ordered to sell old cars on hand within 30 days.

Few weeks pass in which steel plates stay out of the news. Additional awards for cargo ships, for shipyard expansion and for new shipyards again emphasize the need for more and still more plates. A monthly plate production goal of one million tons has been tentatively set for the steel industry, but the objective of 900,000 tons a month must first be attained. Already the Nation's wide strip mills are producing far in excess of estimated capacity assigned them by the mill manufacturers. One large strip mill in the Pittsburgh area, originally scheduled to produce approximately 60,000 tons monthly at capacity, is now operating at a rate of 100,000 tons a month. Strip mills are being required to produce so many plates that the availability of sheets is becoming of serious consequence. Almost all sheet mills are so crowded with plate tonnage that only sheet business carrying an A-1-a or A-1-b rating can be scheduled. Soon all sheet production on high speed mills is likely to represent outright allocation. WPB's Iron and Steel Branch this week requested all plate consumers to conform to certain ordering requirements.

Flaws in the control system under which vital material and machinery are being diverted to the best possible use in the war program are not hard to find, an unavoidable situation when the size and speed of the program is considered. Critics with a desire only to help note, for example, that tin plate, which today is a strategic material, is being used for some caps and closures, especially screw tops, as well as the tops and bottoms of certain cans, when black plate could be substituted. While not all caps and closures can be made from uncoated black plate, substantial saving could be made since the can and closure industry uses approximately 5% as much tin plate as the container industry. Some valuable tin plate is not being conserved because of the length of time being consumed at Washington in drawing up a black plate order.

Expansion in the number of plants producing bombs is expected to press tube mills for certain sizes within the next three months. Restrictions on non-defense construction will curtail demand for certain types of pipe. Demand for seamless tubing for trench mortar shells has risen sharply.

Price developments this week including the establishing by OPA of retail price ceilings on seven major household appliances, including washers, vacuum cleaners and stoves.

Higher freight rates in effect last week on pig iron, scrap, finished steel and other items resulted in little complaint from the consumers forced to take the absorption. Because of large war production, the added freight cost burden falls on the Government itself.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

March 24, 1942, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.		2.30467c.	
1940	2.30467c.	Jan. 2	2.24107c.	Apr. 16
1939	2.35367c.	Jan. 3	2.26689c.	May 16
1938	2.58414c.	Jan. 4	2.27207c.	Oct. 18
1937	2.58414c.	Mar. 9	2.32263c.	Jan. 4
1936	2.32263c.	Dec. 28	2.05200c.	Mar. 10
1935	2.07642c.	Oct. 1	2.06492c.	Jan. 8
1934	2.15367c.	Apr. 24	1.95757c.	Jan. 2
1933	1.95578c.	Oct. 3	1.75836c.	May 2
1932	1.89196c.	Jul. 5	1.83901c.	Mar. 1
1931	1.99629c.	Jan. 13	1.86586c.	Dec. 29
1930	2.25488c.	Jan. 7	1.97319c.	Dec. 9
1929	2.31773c.	May 28	2.26498c.	Oct. 29

Pig Iron

March 24, 1942, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	23.61

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		Low	
1941	$23.61	Mar. 20	$23.45	Jan. 2
1940	$23.45	Dec. 23	$22.61	Jan. 2
1939	22.61	Sep. 19	20.61	Sep. 12
1938	23.25	Jun. 21	19.61	Jul. 6
1937	23.25	Mar. 9	20.25	Feb. 16
1936	19.74	Nov. 24	18.73	Aug. 11
1935	18.84	Nov. 5	17.83	May 14
1934	17.90	May 1	16.90	Jan. 27
1933	16.90	Dec. 5	13.56	Jan. 3
1932	14.81	Jan. 5	13.56	Dec. 6
1931	15.90	Jan. 6	14.79	Dec. 15
1930	18.21	Jan. 7	15.90	Dec. 16
1929	18.71	May 14	18.21	Dec. 17

Steel Scrap

March 24, 1942, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.33

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan. 7	$19.17	Apr. 10
1940	21.83	Dec. 30	16.04	Apr. 9
1939	22.50	Oct. 3	14.08	May 16
1938	15.00	Nov. 22	11.00	Jun. 7
1937	21.92	Mar. 30	12.92	Nov. 10
1936	17.75	Dec. 21	12.67	Jun. 9
1935	13.42	Dec. 10	10.33	Apr. 29
1934	13.00	Mar. 13	9.50	Sep. 25
1933	12.25	Aug. 8	6.75	Jan. 3
1932	8.50	Jan. 12	6.43	Jul. 5
1931	11.33	Jan. 6	8.50	Dec. 29
1930	15.00	Feb. 18	11.25	Dec. 9
1929	17.58	Jan. 29	14.08	Dec. 3

The American Iron and Steel Institute on March 23 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.0% of capacity for the week beginning March 23, compared with 97.9% one week ago, 96.3% one month ago and 99.8% one year ago. This represents an increase of 1.1 point or 1.1% from the preceding week. The operating rate for the week beginning March 23 is equivalent to 1,681,600 tons of steel ingots and castings, compared to 1,663,000 tons one week ago, 1,635,800 tons one month ago, and 1,610,700 tons one year ago. Weekly indicated rates of steel operations since March 31, 1941, follow:

1941—						1942—	
Mar 31	99.2%	Jun 30	91.8%	Oct 6	98.1%	Jan 5	93.8%
Apr 7	99.3%	Jly 7	94.9%	Oct 13	98.4%	Jan 12	95.1%
Apr 14	98.3%	Jly 14	95.2%	Oct 20	97.8%	Jan 19	95.0%
Apr 21	96.0%	Jly 21	96.0%	Oct 27	99.9%	Jan 26	94.6%
Apr 28	94.3%	Jly 28	97.6%	Nov 3	98.2%	Feb 2	95.0%
May 5	96.8%	Aug 4	96.3%	Nov 10	96.6%	Feb 9	95.5%
May 12	99.2%	Aug 11	95.6%	Nov 17	97.0%	Feb 16	96.2%
May 19	99.9%	Aug 18	96.2%	Nov 24	95.9%	Feb 23	96.3%
May 26	98.6%	Aug 25	96.5%	Dec 1	97.6%	Mar 2	97.2%
Jun 2	99.2%	Sep 2	96.3%	Dec 8	97.5%	Mar 9	97.4%
Jun 9	98.6%	Sep 8	96.9%	Dec 15	97.9%	Mar 16	97.9%
Jun 16	99.0%	Sep 15	96.1%	Dec 22	93.4%	Mar 23	99.0%
Jun 23	99.9%	Sep 22	96.8%	Dec 29	96.1%		
		Sep 29	96.9%				

"Steel" of Cleveland, in its summary of the iron and steel markets, on March 23 stated:

By far the greater part of steel orders on mill books is concentrated in upper priority brackets, shipments on ratings below A-1-b being slowed up and mills as a rule accepting no new commitments lower than A-1-j.

Plates are most in demand but the situation has been bettered in recent weeks and most essential needs are being met closer to schedule. Much relief is being afforded as plates from strip mills come out in larger tonnage. Revamping of plate shipping schedules for shipbuilding is under way, reassigning to strip mills some tonnage formerly allocated to sheared and universal mills. Bars are a close second in demand and congestion is increased by the variety of products demanded from bar mills.

As a result of closer supervision of inventory under new regulations of the War Production Board plate shipments have been stopped temporarily to shops of three railroads which had accumulated what was regarded as excessive inventory. This is regarded as the forerunner of other similar orders. Some inventory increase frequently results from failure to receive other steel needed to complete an assembly and in those cases no blame attaches, though further shipment may be held back.

Part of the iron ore fleet left lower lake ports last week, the earliest in history, and ice breakers are opening channels to Escanaba and Lake Superior ports, in the effort to start ore movement. With war demand increasing, the need for ore will be greater than last year and a record tonnage is needed. Weather conditions favor the early start and several million tons above last year's total is sought.

New freight rates, carrying a 6% increase, went into effect last week on interstate shipments. Application to intrastate shipments has not been complete, some railroad commissions delaying action. New York made the increase effective last week and New Jersey will follow immediately. Indiana probably will put the rates into effect March 24 and Illinois April 13, under present plans.

Refusal of Interstate Commerce Commission to suspend the rate increase on scrap and other commodities, as requested by the Office of Price Administration, has caused the latter to amend the scrap schedule to permit addition of 6% of the allowable freight charges where the ceiling is at point of delivery. This is to obviate a downward adjustment of prices by shippers, which the price administrator believed would tend to impede free flow of scrap into industrial production. On cast iron scrap other than railroad scrap when the ceiling is at basing points, increased transportation charges may be included also.

Semifinished steel requirements for war purposes are taxing integrated companies and mills relying on others for their supply find deliveries lengthening. As the latter have heavy orders with high priority the situation is becoming complicated. This applies in practically all products, bars, sheets, pipe and wire being especially affected. Semifinished producers find it difficult to follow priorities and must rely on special directives to move any order holding up vital war production. With a preponderance of A-1 preferences on books of all finishing mills, integrated or not, it is difficult to apportion raw material with exact relation to needs.

Steelworks operations last week held unchanged at 95½% of capacity. Chicago gained 1 point to 104%, only ½-point under the all-time high in December. Cincinnati increased 7 points to 87% as a plant down for repairs resumed production. New England lighted its last open hearth for a rise of 5 points to 100%. Youngstown gained 1 point to 95%. Pittsburgh lost 1 point to 94%, Detroit 4 points to 83 and St. Louis ½-point to 83. Rates were unchanged at eastern Pennsylvania, 88%; Cleveland, 91; Buffalo, 79½; Birmingham, 95; Wheeling, 81½%.

With most steel production limited to high preference war needs many former steel uses are being replaced by wood as the only means of supplying the deficiency. Increasingly water tanks are being redesigned for timber construction and even rated war projects where wood can be used are being changed to that material to save steel for actual war requirements, as well as to speed completion.

Composite prices reflect the unchanged ceilings applying to steel and iron products, finished steel at $56.73, semifinished steel at $36.00, steelmaking pig iron $23.05 and steelmaking scrap $19.17.

Petroleum And Its Products

Freezing of retail prices of gasoline in the East Coast and Pacific Northwest areas where deliveries to service stations were curtailed 20% on Mar. 20 was ordered by the Office of Price Administration at the levels ruling as of Mar. 13, last, in an emergency order issued in Washington on Mar. 18 by Acting Price Administrator John E Hamm. Later in the week, Petroleum Coordinator Ickes announced that coupon rationing for motorists will be initiated within the next month or so in these two areas.

The order—effective as of Mar. 23—is a 60-day "temporary maximum price regulation" and applies to all sellers of gasoline in the 19 States along the Atlantic Seaboard and the Pacific Northwest plus the District of Columbia. These States and Washington were designated by the War Production Board early this month as a "curtailment area" and deliveries of motor fuel to retail outlets were curtailed 20%.

Service station operators were urged by Acting Price Administrator Hamm to observe the requirements of the price order. He pointed out that the Emergency Price Control Act of 1942 contains severe penalties for willful violations of a maximum price regulation. Upon conviction, according to the law, a willful violator is subject to a fine of not more than $5,000 and imprisonment for not more than one year, or both. The Acting Administrator disclosed that the OPA was giving serious consideration to the advisability of licensing service station operators in the "curtailment area" as an individual measure to assure compliance with the law.

A further prohibition in the OPA order forbids gasoline sellers in the "curtailment area" from entering into any agreement for the adjustment of prices to levels above those of Mar. 13, 1942, based on the possibility that the order may be amended or held invalid by a court. However, any seller may apply to have the order amended in keeping with the provision of the OPA procedural regulation No. 1.

A rigid coupon system of gasoline rationing will be initiated in the West and Pacific Northwest as soon as the millions of cards required can be printed, Petroleum Coordinator Ickes announced in Washington on Mar. 20. In emphasizing the seriousness of the fuel emergency, the Coordinator told newspapermen at his press conference that the supply situation in New England, both with regard to petroleum and coal had become so critical that much of the area, particularly in Massachusetts and Maine, already was planning to rely on wood for heating next winter.

Coordinator Ickes declined to make any prediction as to the extent to which the ordinary motorists' gasoline gallonage might be cut for a given period under the rationing card system, but said that all motorists would be classified according to their actual needs. He hinted that in the ration areas, speed and other traffice laws might be enforced by a threat of taking up an offender's ration card. "We have in mind a rationing system which would see that drivers obey the traffic laws, particularly the speed laws," he pointed out.

The Office of Price Administration on Mar. 22 announced that it would not allow an increase in prices of crude oil produced in the Texas Panhandle. Producers in that area had asked that the present 10-cent differential existing between the Panhandle and the Kansas-Oklahoma area be removed, but the OPA replied that the present differential is the "lowest that has obtained in a long period," and "any further increase at a time when inflation threatens our effective prosecution of the war seems unjustified."

The OPA pointed out that "there is strong economic justification for the existence of a price differential because of the less favorable geographic position of the Panhandle and because Panhandle crude has certain undesirable qualities which lead to higher refining costs. While it would be extremely difficult to determine whether the proper differential is the existing differential or one of 1 cent higher or lower, it is true that the existing differential is the lowest that has obtained in a long period."

In announcing the April petroleum production quota at 3,656,800 barrels daily this week, Administrator Ickes disclosed that the regulations had been broadened to embrace all petroleum liquids. Heretofore, the rates the States for a particular month certified by the Coordinator to have been on a basis of required crude oil only. Beginning with April, the rates will represent the recommended production for all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields.

"We are broadening the certification procedure," Mr. Ickes said, "for the simple reason that the urgencies of the war situation no longer permit the ignoring of what amounts to a substantial portion of the United States production of petroleum liquids. Approximately 5% of total production is made up of condensate and natural gas derivatives. Obviously; inequities cannot help

Electric Output For Week Ended March 21, 1942 Shows 12.5% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended March 21, 1942, was 3,357,032,000 kwh., which compares with 2,983,048,000 kwh. in the corresponding period in 1941, a gain of 12.5%. The output for the week ended March 14, 1942, was estimated to be 3,357,444,000 kwh., an increase of 12.5% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Mar. 21, '42	Mar. 14, '42	Mar. 7, '42	Feb. 28, '42
New England	10.4	10.7	13.5	13.1
Middle Atlantic	9.2	8.3	8.9	9.5
Central Industrial	11.0	9.9	11.0	12.9
West Central	12.7	11.6	12.1	13.1
Southern States	10.9	12.6	12.8	14.5
Rocky Mountain	13.4	13.2	15.2	17.3
Pacific Coast	27.2	29.1	25.2	23.4
Total United States	12.5	12.5	12.9	13.9

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1941	1940	% Change 1941 over 1940	1939	1938	1937
Sept. 6	3,132,954	2,591,957	+20.9	2,375,852	2,109,985	2,211,398
Sept. 13	3,322,346	2,773,177	+19.8	2,532,014	2,279,233	2,338,370
Sept. 20	3,273,375	2,769,346	+18.2	2,538,118	2,211,059	2,231,277
Sept. 27	3,273,376	2,816,358	+16.2	2,558,538	2,207,942	2,331,415
Oct. 4	3,330,582	2,792,067	+19.3	2,554,290	2,228,586	2,339,384
Oct. 11	3,355,440	2,817,465	+19.1	2,583,366	2,251,089	2,324,750
Oct. 18	3,313,596	2,837,730	+16.8	2,576,331	2,281,328	2,327,212
Oct. 25	3,340,768	2,866,827	+16.5	2,622,267	2,283,831	2,297,785
Nov. 1	3,380,488	2,882,137	+17.3	2,608,664	2,270,534	2,245,449
Nov. 8	3,368,690	2,858,054	+17.9	2,588,618	2,276,904	2,214,337
Nov. 15	3,347,893	2,889,937	+15.8	2,587,113	2,325,273	2,263,679
Nov. 22	3,247,938	2,839,421	+14.4	2,560,962	2,247,712	2,104,579
Nov. 29	3,339,364	2,931,877	+13.9	2,605,274	2,334,690	2,179,411
Dec. 6	3,414,844	2,975,704	+14.8	2,654,395	2,376,541	2,234,135
Dec. 13	3,475,919	3,003,543	+15.7	2,694,194	2,390,388	2,241,972
Dec. 20	3,495,140	3,052,419	+14.5	2,712,211	2,424,935	2,053,944
Dec. 27	3,234,128	2,757,259	+17.3	2,464,795	2,174,816	2,033,319

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Jan. 3	3,288,685	2,845,727	+15.6	2,558,180	1,619,265	1,542,000
Jan. 10	3,472,579	3,002,454	+15.7	2,688,380	1,602,482	1,733,810
Jan. 17	3,450,468	3,012,638	+14.5	2,673,823	1,598,201	1,736,729
Jan. 24	3,440,163	2,996,155	+14.8	2,660,962	1,588,967	1,717,315
Jan. 31	3,468,193	2,994,047	+15.8	2,632,555	1,588,853	1,728,203
Feb. 7	3,474,638	2,989,392	+16.2	2,616,111	1,578,817	1,726,161
Feb. 14	3,421,639	2,976,478	+15.0	2,564,670	1,545,459	1,718,304
Feb. 21	3,423,589	2,985,585	+14.7	2,546,816	1,512,158	1,699.250
Feb. 28	3,409,907	2,993,253	+13.9	2,568,328	1,519,679	1,706,719
Mar. 7	3,392,121	3,004,639	+12.9	2,553,109	1,538,452	1,702,570
Mar. 14	3,357,444	2,983,591	+12.5	2,550,000	1,537,747	1,687,229
Mar 21	3,357,032	2,983,048	+12.5	2,508,321	1,514,553	1,687,229
Mar. 28	------	2,975,407	----	2,524,066	1,480,208	1,679,589

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	*1941	1940	% Change 1941 over 1940	1939	1938	1937
January	13,219,304	11,683,430	+13.1	10,183,400	9,290,754	9,787,901
February	11,894,905	10,589,428	+12.3	9,256,313	8,396,231	8,911,125
March	12,965,158	10,974,335	+18.1	10,121,459	9,110,808	9,886,443
April	12,556,430	10,705,682	+17.3	9,525,317	8,607,031	9,573,698
May	13,216,962	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,187,225	11,026,943	+19.6	10,068,845	8,832,736	9,773,908
July	13,837,916	11,616,238	+19.1	10,183,255	9,170,375	10,036,410
August	14,118,976	11,924,381	+18.4	10,785,902	9,801,770	10,308,884
September	13,915,353	11,484,529	+21.2	10,653,197	9,486,866	9,908,314
October	14,765,945	12,474,727	+18.4	11,289,617	9,844,519	10,065,805
November	13,988,934	12,213,543	+14.5	11,087,866	9,893,195	9,506,495
December	15,095,452	12,842,218	+17.5	11,476,294	10,372,602	9,717,471
Total for year	162,762,560	138,653,997	+17.4	124,502,309	111,557,727	117,141,591

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but arise if the recommended rates do not also take into account the production requirements for these other petroleum liquids."

The following rates, certified by the PCO for April, therefore reflect not only the required crude oil production but also the requirements for output of condensate and natural gas derivatives:

State—	Apr. Daily Production Rate in Bbls.
New York	14,600
Pennsylvania	49,900
West Virginia	15,200
Illinois	354,400
Indiana	18,200
Kansas	253,400
Kentucky	12,800
Michigan	50,200
Nebraska	5,000
Ohio	10,100
Oklahoma	436,900
Arkansas	74,000
Louisiana	313,000
Mississippi	49,800
New Mexico	86,000
Texas	1,134,000
Colorado	6,900
Montana	23,700
Wyoming	88,900
California	659,800

"The situation which we warned against last Summer has now come to pass," Mr. Ickes said in pointing out that the April figures reflected the necessity of further reducing production in the Gulf Coast area. "We have reached the point where the pressing demand for petroleum and petroleum products in the Eastern consuming centers cannot be entirely satisfied because of the lack of adequate transportation."

The House Ways and Means Committee was told on Mar. 24 by a representative of the Pennsylvania Grade Crude Oil Assn. that two proposals in the Treasury Department's new income tax program would reduce the current lubricating output of a four-state region despite war needs for increased production. J. E. Moorhead, executive manager of the association, opposed the Treasury's proposals to eliminate a provision of the tax law under which oil producers may take up to a 27½% depletion allowance in deduction from gross income. He said that members of the association also opposed the elimination of the right to change "intangible" drilling costs to expenditures.

Sharp expansion of production in Texas was the major cause of a gain of 154,890 barrels in daily average production of crude oil in the United States during the week ended Mar. 21, the "Oil & Gas Journal" reported Tuesday, the total rising to 3,681,470 barrels. Texas and Illinois were the only major oil-producing States to report higher production. Stocks of domestic and foreign crude oil were up 1,999,000 barrels during the week ended Mar. 14 to 262,063,000 barrels, the Bureau of Mines reported this week. American crude was up 1,628,000 barrels while holdings of imported oil rose 371,000 barrels.

There were no crude oil price changes.

Prices of Typical Crude per Barrel At Wells
(All gravities where A. P. I. degrees are not shown)

Bradford, Pa.	$2.75
Corning, Pa.	1.31
Eastern Illinois	1.22
Illinois Basin	1.37
Mid-Contin't, Okla., 40 and above	1.25
Smackover, Heavy	0.83
Rodessa, Ark., 40 and above	1.20
East Texas, Texas, 40 and above	1.25
Kettleman Hills, 37.9 and over	1.29
Pecos County, Texas	0.95
Lance Creek, Wyo.	1.12
Signal Hill, 30.9 and over	1.23

Continued weakness in the wholesale gasoline market in the midcontinent area resulting from the transportation bottleneck to the Eastern consuming areas plus curtailed tire sales and auto manufacturing sent prices down another ⅛-cent a gallon this week. The cut, fourth in the past month or so, cut prices, tank car lots, to a range of 5⅜ to 5⅝ cents for regular grade gasoline.

Every time a petroleum tanker is sunk or transferred from the Gulf-East Coast run it means that nearly 100,000 passenger cars, or 35,000 domestic oil burners on the Atlantic Seaboard, temporarily, at least, have to get their motor fuel or heating oil by some other transportation means, or that all users have to share and get along with a little less, according to the American Petroleum Institute.

The average tanker on the East Coast run in 1940 carried 80,000 barrels of petroleum products and made a round trip to the Gulf or Caribbean in 20 days, delivering therefore about 4,000 barrels a day, oil statisticians estimate. The 1,500,000 barrels, or 63,000 gallons carried in a year by one tanker is about equal to the annual consumption of 100,000 passenger cars at 650 gallons each, or 35,000 domestic oil burners at 1,800 gallons each.

Since the sinkings on the Gulf-East Coast run began, however, it is probable that the operating effectiveness of tankers has been curtailed materially, if convoying or other time-consuming safety measures have been adopted. The effectiveness of the average tanker was increased during the last half of 1941, when loading and unloading were speeded up, and tankers were allowed to load heavier, by Congressional action. Of the 516,600,000 barrels of petroleum products received on the Eastern Coast during 1940—1941 figures not being available yet—a total of 428.000,000 barrels came from the Gulf Coast by water.

Gasoline service station operators in the metropolitan New York area voiced vigorous opposition to the card-rationing plan for the East announced as nearing by Petroleum Coordinator Ickes. J. R. Crossley, Vice-President of the Automobile Club of New York, calling the action "a pop-off" by Ickes "on another tangent without knowing or seeming to care what effect the newly instituted limitations on hours and quantities will have," criticized the curtailed deliveries and operating hours for service stations.

Price changes follow:

Mar. 18—Wholesale prices of gasoline were cut ⅛ cent a gallon to 5⅜ to 5⅝ cents a gallon in the midcontinent.

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery

New York—	
Socony-Vac	$.088
Tide Water Oil	.088
Texas	.088
*Shell Eastern	.088
Other Cities—	
Chicago	.05⅜-.05⅝
Gulf Coast	.06-.06
Oklahoma	.06-.06¾

*Super.

Kerosene, 41-43 Water White, Tank Car F. O. B. Refinery

New York (Bayonne)	$.053
Baltimore	.054
Philadelphia	.054
North Texas	.04
New Orleans	4.25-4.625
Tulsa	.04⅜-.04¾

Fuel Oil, F. O. B. Refinery or Terminal

N. Y. (Harbor) Bunker C	$1.35
Diesel	2.15
Savannah, Bunker C	1.30
Philadelphia, Bunker C	1.35
Gulf Coast	.85
Halifax	1.70

Gas, Oil, F. O. B. Refinery or Terminal

N. Y. (Bayonne) 7 plus	$.04
Chicago, 28.30 D	.053
Tulsa	.03⅝

Penalty On Wheat Marketed In Excess Of Quotas Held Invalid By Federal Court

The 49-cent penalty imposed under the Agricultural Adjustment Administration program for marketing 1941 wheat in excess of quotas fixed by Congress was held invalid on March 14 by a special three-Judge Federal Court at Dayton, Ohio. Reference to the filing of two suits to test the penalty was made in these columns July 19 last, page 324. Holding that the penalty was illegal, on the ground that it amounted to taking farmers' property without due process of law, the majority decision of U. S. District Court Judges Robert R. Nevin and John H. Druffel enjoined the collection of the penalty, and pointed out that it was increased by Congress from 15 to 49 cents after last summer's crop was planted. The decision did not pass on the constitutionality of the Wheat-Control Act itself, which farmers approved in a national referendum a year ago.

Judge Florence E. Allen of the Sixth United States Circuit Court of Appeals dissented from the majority opinion, contending that the penalty was valid. Regarding the majority views, Associated Press accounts from Dayton on March 15, said:

> Under the circumstances, we are obliged to hold that the amendment of May 26, 1941, in so far as it increased the penalty for the farm marketing excess over the 15 cents per bushel and subjected the entire crop to a lien for the payment thereof, operated retroactively and that it amounts to a taking of plaintiff's property without due process.

The suit was filed last summer by Roscoe G. Filburn on behalf of a group of Montgomery County farmers. It named as defendant Carl R. Helke, County AAA Chairman, and Secretary of Agriculture Wickard. It was the first suit of its kind in the Nation and followed an outburst of complaints against the penalty in all sections of the farm belt. It asked that Secretary Wickard and the County AAA Committeemen be enjoined from collecting the 49-cent penalty.

The majority opinion quoted Secretary Wickard as saying in a radio address a week before the increased penalty was approved and less than two weeks before the referendum:

> "Because of the uncertain world situation, we deliberately planted several million extra acres of wheat. Farmers should not be penalized because they provided against shortages of food."

The majority decision proceeded:

> Considering the fact that the law increasing the penalty became effective May 26, 1941, yet would be inoperative if more than one-third of wheat farmers eligible opposed the quota in the May 31 referendum, it becomes important to determine whether the necessary two-thirds of wheat farmers voluntarily voted affirmatively or were unintentionally misled in voting in the referendum.
>
> It would seem that the Secretary meant what he said and that the farmers voting affirmatively would not be penalized for the "deliberately planted" excess acreage beyond the law in effect at the time of planting. But the contrary was true.
>
> Giving full credit to the Secretary for his zeal and his efforts to help the farmer to avoid ruinous wheat prices which he foresaw if the quota failed, yet it would seem that the equities of the situation demanded that the Secretary also forewarn the farmers that in accepting the benefits of increased parity loans they were also subjecting themselves to increased penalties from the farm marketing excess.

Mr. Filburn contended he had planted his crop of wheat in the fall of 1940. He said he had been allotted 11.1 acres for a normal yield of 20.1 bushels an acre, but planted 23 acres and produced 239 bushels over the allotment.

Officials of the Department of Agriculture, it is stated, declined to comment on the Dayton decision, although aides of the Department were indicated as saying on March 14 that an appeal would be taken. The Associated Press Washington accounts March 14 reported officials as stating that the penalty had been imposed against several million bushels of wheat which farmers sold in excess of marketing quota established under the Agriculture Adjustment Act of 1938. The quotas were approved, officials said, by more than 80% of wheat growers voting in a referendum.

According to United Press Dayton advices March 16 Russell Kiko of Canton, President of the Ohio Marketing Quota Protest Association, said the Dayton decision would not end his organization's fight against the AAA program. Numerous midwestern farmers belong to the Association. He added:

> The Dayton decision should set a precedent on other cases regarding the wheat penalty tax but all the facts of the constitutionality of the marketing quota program were not presented.

Australian Mission In U. S.

Dr. Herbert Vere Evatt, Australian Minister for External Affairs, arrived in the United States on March 18 for conferences on the United Nations war effort. Dr. Evatt was met in San Francisco by Richard G. Casey, Australian Minister to the United States. He is accompanied by Arthur S. V. Smith, Secretary of the Department of Supply, and William Sydney Robinson, adviser to the Australian Government on supplies of raw materials and munitions.

Dr. Evatt arrived at Washington on March 20 and held a brief initial conference with President Roosevelt. In a formal statement, Dr. Evatt said:

> My mission is to take council with the President and his service and other advisers, especially in relation to the Pacific theatre, for the outcome of the struggle there may determine the very life of our country. We have urgent reports and recommendations to submit here, and at a later stage the mission will go to Canada, and then to London.
>
> The Commonwealth Government has also assigned to me the task of reviewing and coordinating Australian governmental activities in the United States, with a view to securing full cooperation with the United States authorities.

At a press conference, Dr. Evatt called for the creation of a new Pacific war council with the Australian and New Zealand Governments on an equal footing with the United States and the United Kingdom. He added that there has been no governmental consultation, although complete cooperation must be established by the Allies.

Warns of Impending Attacks But Declares Industrial Production Must Be Maintained

James M. Landis, Director of the Office of Civilian Defense, warned on March 19 that "we must now be prepared for attack," but declared that in dealing with the problem of bombardment of industrial property the "over-all concern must be the maintenance of production."

Speaking at a luncheon given by the Commerce and Industry Association of New York, Mr. Landis cited these two examples of the OCD's protection policy:

> The first is its handling of the aircraft signals that it receives from the Interceptor Commands. These theoretically would permit the giving of a general alarm to industrial personnel in New York City with airplanes as far distant as Boston in the East or Baltimore in the South. We insist, however, that no such an alarm shall be given until the latest possible moment, so that production as well as the normality of all life shall not be unduly interrupted. The alarm to personnel, the command to seek shelter in a daytime raid comes thus only when the bombers are substantially overhead.
>
> How necessary such a system is whether we are dealing with industry, with office workers or with schools, can be appreciated by a moment's thought. Were the alarm to be given with bombers 200 miles away we would permit the enemy to paralyze all production from Baltimore to Boston by placing a few planes over Long Island. We dare not afford to encourage him by such a show of weakness and of panic and thereby make it worth his while to sacrifice planes and men in such an effort.
>
> A second example of this insistence on production is illustrated by our theory of blackout. That theory, as distinguished from the English practice, springs in part from the fact that our danger lies as yet from intermittent and sporadic attacks as contrasted with the threat of continuous and continuing bombardment. We do not now at night intend to operate under blackout conditions. The cost of doing so as against the danger of attack is too excessive both from the standpoint of the expense involved by blackout installations and the more serious cost of slowing down production from 30 to 50% by the necessity of operating under blacked out conditions. As against these costs, some damage to property, some casualties to civilians are negligible.
>
> Instead our theory of blackout is to reach the point of blackout and maintain it only when and for so long as danger threatens. This requires much planning and some necessary installations. It requires careful planning so that within a specified time—say 20 minutes, 10 or even five—a condition of blackout, or, shall I say "obscuration," can be achieved. It requires installation at critical points when production must be maintained at all hazards, attack or no attack. Plastic production, for example, can ordinarily not be shut down for a moment or else a month's or two months' loss will ensue. Here even now both blackout installation and protective construction becomes necessary. Elsewhere, however, momentary interruptions of production can be permitted, but only with danger immediately overhead.

Director Landis said that the three "simple lessons" which his office has sought to teach are: (1) To work out with the local defense council a means for getting immediate transmission to the plant of the necessary warnings that come; (2) To organize within plants an adequate force for passive protection, and (3) Not confining concealment to the blackout device but enlarging on it in terms of camouflage—repainting as the need occurs.

Saying that "this is the story of passive protection, of minimizing the strength of attack, of maintaining our power to produce, our power to hit and destroy," Mr. Landis stated that it is a story of only partial accomplishment. He added that the duty to protect industrial property lies neither with the Army or the Navy nor the OCD but with industry itself and will be effectuated to the degree that industry accepts that responsibility.

War Will Reduce Standard Of Living To Depression Levels, Says Twohy

"No proposals or programs of any kind, in any field of American thought or action, can have the slightest reality or life today save by the stark and single test of victory," according to James F. Twohy, Governor of the Federal Home Loan Bank System. Mr. Twohy made this statement in an address prepared for the annual stockholders' meeting of the Federal Home Loan Bank of Chicago, at the Palmer House on March 21. In his remarks he said:

> The basic fact to realize is that the war has completely reversed the national economy. If this dramatic reversal had come about in the shape of recovery, it would be a wonderful boom which we should only have to control to insure a grand time for one and all. Unhappily it is not normal recovery. About as bright a picture as we can paint of the prospect is that our war production will reduce our living standards to depression levels and below them, even while we produce at boom levels.
>
> The war forces us to think less in terms of present expansion and more in terms of consolidating and fortifying the position of the thrift and home lending business. We are not going to operate on an expanding market during the war and we have a great program to fulfill after it, and this is the day and time appointed for us to dig in, to clean house, to get ready for the future. While we do this let there be no let-up in the energetic participation in the war program of the Nation as it touches our activities.

Mr. Twohy urged the member savings, building and loan associations of the Federal Home Loan Bank of Chicago to do a more outstanding job in the sale of defense bonds. Mr. Twohy added:

> The Treasury wants savings resulting from the rising current income of wage earners and salaried people—not to get them to withdraw their savings invested over past years. This is a message you might well repeat. By investing current income, wage earners are helping most because they are diverting those funds from the expenditures which would speed inflation. Defense bonds are but an extension into the Nation's needs of our own principles and beliefs and our institutions should be the Nation's model agency for distribution.

Reporting for the bank itself, A. R. Gardner, President of the Chicago bank, said that it advanced more money than any of the other 11 in the Federal Home Loan Bank System during 1941, its $25,253,763 lent to member savings and loan associations last year constituting 16% of the advances nationally. "Out of a reduced gross income, the bank was able to show an increase in net profit for 1941 over 1940, $480,295, as compared with $412,854," he said. "This was due to a lesser charge for debenture interest and expense and interest on deposits."

Distribution of the net profit was reported as follows: Dividends to member savings and loan institutions and to the Reconstruction Finance Corporation, $289,629; legal reserve, $96,059, and undivided profits, $94,607.

Urge Bringing Govt. Bureaus To New York

The New York Committee of Civic and Business Organization Presidents, at a meeting at the Hotel New Yorker on March 20, called upon the special New York Congressional Committee to renew its effort to bring Federal administrative agencies to New York City. The meeting, a special one, called by President Percy C. Magnus of the New York Board of Trade, was given over entirely to a discussion of the inaction of the Congressional delegation who, less than a fortnight ago promised the Committee of Presidents that it would proceed to devise ways and means whereby several of the agencies might be moved to New York because of overcrowded conditions in Washington.

Mr. Magnus characterized the Congressional Committee's inaction as "being another bungling and buck-passing exhibition." Continuing, he added that New York has 10,000,000 square feet of office space, most modern in construction and immediately available. Besides, suitable and inexpensive living quarters for any Federal employees who might be transferred to this city are available. He further stated that because the City of New York contributes more than one-fifth of the Federal taxes to our Government, these facts justify that this city be entitled to its share in the decentralization program.

Industry Operations Bureau Reorganized

The War Production Board announces the reorganization of its Bureau of Industry Operations into 24 industry branches. The Bureau is headed by Philip D. Reed. Chiefs of each branch have been charged with responsibility for effecting "maximum use of existing industrial capacity . . . for production of war material and products for essential civilian use." Each chief will serve as "the official point of contact between the WPB and all committees or sub-committees" of the industry assigned him, the announcement said.

The Deputy Bureau Chief is Amory Houghton, Board Chairman of the Corning Glass Works, Corning, N. Y., and Assistant bureau chiefs are John R. Kimberly, manufacturing director of the Kimberly Clark Corp., Neenah, Wis., and Joseph R. Taylor, purchasing agent for Socony Vacuum Oil Co., New York.

Special assistants are:

W. B. Murphy, assistant to the President of the Campbell Soup Co., Camden, N. J.

Nathaniel G. Symonds, Vice-President of Westinghouse Electric Co.

Ben Alexander, President of the Masonite Corp., Chicago.

Marshall J. Dodge, of the firm of J. W. Davis & Co., is Reed's executive assistant.

Rigid Controls Foreseen By Nelson Unless Labor Disputes Are Settled

Donald M. Nelson, War Production Board Chairman, again warned on March 23 that, if labor and management are unable to work together to make the Nation's industrial mechanism work, then public indignation will insist that rigid controls be set up by the Government.

Mr. Nelson made this statement in a talk to a conference of leaders of the Congress of Industrial Organizations who were summoned to Washington by their President, Philip Murray, to organize a drive against the adoption by Congress of pending restrictive labor legislation.

President Roosevelt, in a message to the meeting, said that with workers' rights and privileges go responsibilities and that liberty and freedom belong only to men and women who can earn them. The President also reiterated his belief that the free workers of America can give to victory far more than the Axis taskmasters can ever wring from their "regimented toilers."

His message follows:

My Dear Mr. Murray:

> In recent years the workers in America's great industries have gained new privileges and reaffirmed old rights. Today all of those rights and privileges are being tested by fire. If we lose this war, they and all the rest of our American liberties will be lost. Only victory can protect our freedom; if the freedom of any of us is lost, the freedom of all is lost.
>
> With rights and privileges go responsibilities. We are learning in the hard days of war what is sometimes overlooked in the easy days of peace: that liberty and freedom belong only to men and women who can earn them, and that none of the values which make life in America worth living can be retained except by people who will give everything and do anything to keep them.
>
> This has especial point for organized labor—for its leaders and for the men and women in the ranks. Our free workers can give to victory far more than the Axis taskmasters can ever wring from the unwilling muscles of the regimented toilers of Europe and Japan. By the freedom they enjoy and the privileges they have won, American workers dare do no less than meet the new challenge of old slavery with courage, with energy and with a determination that nothing shall interrupt our country's march to victory over the Nazis and the Japs.

Very sincerely yours,
(Signed)
FRANKLIN D. ROOSEVELT.

In his talk Mr. Nelson said he was interested in just one thing: "getting the most war production we can possibly get, and getting it in the shortest space of time." He declared that as far as he was concerned the war production job was not going to be used "to whittle down labor's rights and privileges." Mr. Nelson continued:

> We're going to see to it that nobody pushes you around—but we're going to see to it that labor doesn't push any one around, either. There's a small number of short-sighted employers at one end of the line: there's a small number of short-sighted labor folks at the other end of the line: I don't propose to see either group taking any advantage of this situation.
>
> Our job is to win this war as fast as we can, without being held up either by a few selfish employers who are over-anxious about protecting their profits or position or by a few blind labor leaders who put personal, partisan ambitions above the common good and preach a false isolationism.
>
> I don't propose to be influenced by either group. I'm going to keep after production as my objective.

Mr. Nelson called on labor to suspend for the duration the privilege of getting double time for work on Sundays and holidays. He explained his position as follows:

> We are moving as fast as we can toward seven-day, three-shift operation of our basic war industries. The principle that a man should regularly have the seventh day off, and should receive overtime pay if an emergency forces him to work on that seventh day, is perfectly sound; but where that seventh day does not fall on a Sunday or a holiday, I don't think that work upon Sundays and holidays, in war time, deserves extra pay.

U.S.-China Accord On Aid

Secretary of the Treasury Morgenthau and T. V. Soong, Chinese Foreign Minister, signed an agreement on March 21 in Washington giving effect to the $500,000,000 financial aid voted by Congress in February to enable the Chinese people and their government "to strengthen greatly its war efforts against the common enemies."

The officials had the following to say in a joint statement:

> This financial aid will contribute substantially toward facilitating the great efforts of the Chinese people and their government to meet the financial and economic burdens which have been imposed upon them by almost five years of continuous attack by Japan.
>
> This agreement is a concrete manifestation of the desire and determination of the United States, without stint, to aid China in our common battle for freedom.
>
> The final determination of the terms upon which this $500,000,000 financial aid is given to China, including the benefits to be rendered the United States in return, is deferred until the progress of events after the war makers clearer the final terms and benefits which will be in the mutual interest of the United States and China and will promote the establishment of lasting world peace and security.

Congressional authorization of the aid was reported in these columns Feb. 12, page 671.

CIO, AFL Waive Double Time Pay For War

The Congress of Industrial Organizations and the American Federation of Labor took action on Mar. 24 to eliminate the double-time payment for work on Saturdays, Sundays and holidays in war industries.

The CIO executive board called on its affiliated unions to take this action in view of the war effort while the AFL issued a statement announcing that William Green, its President, had assured the Government that this policy would be followed.

Both labor groups insisted on time-and-a-half for work in excess of 40 hours in a six-day week and for double time for the seventh consecutive day of work.

The move was made in compliance with recent views expressed by President Roosevelt and War Production Chief Nelson.

Nelson Opposes Double Time Pay Rates Giving Views On The War Labor Laws

The enactment of new war labor legislation was opposed in Washington on March 19 by Donald M. Nelson, head of the War Production Board, and Robert P. Patterson, Undersecretary of War, while at the same time the Administration endeavored to obtain labor's consent to abolishing double-pay rates for Sunday and holiday work. Mr. Nelson, testifying before a Senate subcommittee which is inquiring into production and labor conditions, said increased production could be obtained "without use of force," and Mr. Patterson, before the House Naval Affairs Committee, asserted that the bill of Representative Smith of Virginia would work a violent change which "might result in deterioration, rather than an improvement, of labor relations."

The Smith Bill proposes to suspend the 40-hour week, overtime pay and closed-shop restrictions and limit profits on naval contracts to 6% for the duration of the war. Mr. Patterson stated that there is no justification for suspension of the 40-hour week and that a drastic change in the basis of labor relations might result in its deterioration.

Mr. Nelson and Mr. Patterson also were in agreement that payment at double rates on Sunday and holidays should be eliminated. This was in line with views expressed by President Roosevelt at his press conference on March 17.

In advices March 19 from the Washington bureau, the New York "Journal of Commerce" said:

> Mr. Nelson testified before the subcommittee on the War Department civil functions bill. Both he and Robert E. Patterson, Under-secretary of War, testifying before the House Naval Affairs Committee on the Smith labor and war-profits bill, argued against legislation which would lengthen the regular 40-hour week and affect overtime pay.
>
> Mr. Nelson and Mr. Patterson, however, were adamant in opposition to double-time pay for Sundays as such. Mr. Patterson said that double-time pay for Sunday work is creating a fight among workers for the privilege of working on Sundays, and as a rule the Sunday workers want Monday and even Monday and Tuesday off.
>
> "Simply picking Sunday as a day for double-time," Mr. Nelson said, "and time and a half for Saturday when workers have not finished their 40-hour week, and double time for holiday work, is hurting production."
>
> Mr. Nelson said that the work week now is not only over 40 hours, but in some industries approaches the maximum for efficient human production. He said abolition of the 40-hour week would be particularly harmful to the production picture because the extra money earned by the workers by means of the overtime provision has done much to counterbalance the increase in living costs.
>
> Abolition of these extra earnings would create a strong demand for upward revision in wage rates, he said.
>
> "What we are working for is a 24-hour operation, seven days a week," he said, "and in this it is the seventh day of work which is important. Where workers do get the seventh day off, and get time and a half or double-time in case they do work on the seventh day, I don't believe that extra pay should apply to Sundays or holidays as such."

Before the Senate subcommittee Mr. Nelson proposed "incentive payments" to labor to speed up war production. "There should be incentive payments," Mr. Nelson said. "There should be, I think, an extension of piece rates in places where there are now day rates, and also the incentive of bonus payments for increased production." He also said that Congress ought to have an award for outstanding work in the industrial field.

Others who appeared before the Senate group to testify against labor legislation were Secretary of Labor Perkins; Lieut. Gen. William S. Knudsen, War Department production chief; Admiral Emory S. Land, head of the Maritime Commission; and Assistant Secretary of Navy Ralph A. Bard.

On March 20 Mr. Bard, in testifying before the House group, said that his "own personal viewpoint is that the work week could well be changed from 40 to 48 hours per week with time and one-half beyond 48 hours. "However," he added, "I am convinced that there would be strong opposition against this with perhaps a serious effect on production, which we cannot afford at this particular time. A 40-hour week really does not interfere with production to any degree but it costs more."

Another naval witness on March 20 estimated that overtime payments for work in excess of the 40-hour week would run about $4,000,000,000 under the Navy's current $56,000,000,000 program.

Meanwhile, the two leaders of organized labor, Philip Murray, President of the Congress of Industrial Organizations, and William Green, President of the American Federation of Labor, appeared before the Senate subcommittee on March 20 to demand an investigation of the organized "campaign" urging Congress to suspend the 40-hour week.

Senator Thomas (Dem., Okla.) head of the Senate group, said on March 21 that a week's investigation has convinced him that Congress would not be justified in passing war-time labor legislation now. He also said he would ask the special Senate committee investigating the national defense program, presided over by Senator Truman (Dem., Mo.) to inquire into the complaints made by Messrs. Murray and Green.

Wm. Willett Promoted

The Board of Directors of the Federal Reserve Bank of Boston on March 18 appointed William Willett as First Vice-President of the Bank, effective April 1. The appointment has been approved by the Board of Governors of the Federal Reserve System in accordance with the provisions of the Federal Reserve Act.

As First Vice-President, Mr. Willett will succeed William W. Paddock, whose apointment to succeed Roy A. Young as President of the bank was recently announced as stated in our issue of March 5, page 950.

Mr. Willett has been connected with the Federal Reserve Bank since its establishment in 1914 and has been Cashier since July 1, 1919.

OPA May Inspect Corporation Tax Returns

President Roosevelt, in a recently issued executive order, authorized the inspection by the Office of Price Administration of corporation statistical transcript cards prepared by the Bureau of Internal Revenue from corporation income and declared-value excess-profits tax returns, made under the Revenue Acts of 1934-35-36-38 or the Internal Revenue Code, for any taxable year beginning after June 30, 1935 and ending before July 1, 1941. Such inspection shall be in accordance with rules prescribed by the Secretary of the Treasury.

Ganson Purcell Says Holding Companies Must Work Out Capital Adjustments

In advising the management of public utility holding companies "to put its shoulder to the wheel to work out satisfactory capital adjustments," Ganson Purcell, Chairman of the Securities and Exchange Commission, declared on Mar. 19 that "most holding companies have blinded themselves to the realities and have devoted their energies to deluding their security holders into a feeling that the law and its administration were destroying their security values."

Addressing his remarks to a gathering of investment bankers and security dealers, members of the Bond Club of Philadelphia, Mr. Purcell, according to B. F. Doran, in the Philadelphia "Inquirer," went on to say in part:

> They tell us today that recapitalization is out of the question at such a time as this when our markets have sunk to the lowest levels obtaining since Mar. 31, 1938. But that has been said during every period since that time. And who is to say that there may not be still more unfavorable times ahead? There have been in the past.
>
> The Commission has done, and will continue to do, everything within its power to work toward the desired objective. If values are to be salvaged from these enterprises without resort to the courts, now is the time to start forging ahead with plans for simplifying and strengthening their structures before it is too late.
>
> * * *
>
> We are at war, and the successful prosecution of the war effort requires production of essential war materials. Increased requirements of that production call for a tremendous increase in the output of electrical energy which, in turn, requires cash for plant expansion and maintenance.
>
> Furthermore, the fiscal requirements of the Government call for increased taxes on corporate profits. These two factors will tend to reduce the amount of cash available for the payment of dividends on equity securities and will create a consequent restriction of the holding company in its ability to service its fixed obligations.
>
> Defaults on the debt securities of holding companies will lead inevitably down the road to bankruptcy and all of the inconveniences and expenses of bankruptcy proceedings. But the Congress has provided a procedure for avoiding such undesirable events—the procedures contained in Section 11 for the reclassification and simplification of holding company capitalizations.
>
> That was a problem which faced the holding companies in the early '30's when many of them were forced into bankruptcy. That is the problem which has faced the holding companies throughout all the years since 1935. And that is the problem which faces them today.

Other members of the Commission who were guests of the club, said the "Inquirer," were Robert E. Haly, Sumner T. Pike, Robert H. O'Brien and Edmund Burke, Jr.

Arthur S. Burgess, of Biddle, Whelan & Co. and President of the club, presided.

The occasion marking Mr. Purcell's appearance before the Bond Club, it was noted in the Philadelphia "Record," represented a formal welcome to the SEC which recently moved to that city from Washington.

1941 Cotton Loans

The Department of Agriculture reported on March 19 that Commodity Credit Corporation had made 1,113,494 loans on 2,147,726 bales of 1941 crop cotton through March 14, 1942. A total of 192,098 loans were repaid on 401,627 bales, leaving outstanding 921,396 loans on 1,746,099 bales.

President Backs NYA And CCC Continuance

President Roosevelt on March 24 expressed his disapproval of the bill seeking to abolish the National Youth Administration and the Civilian Conservation Corps, saying that the agencies "have a definite place in the all-out war effort."

The Senate Labor Committee is now considering a bill, sponsored by Senator McKellar (Dem., Tenn.), to abolish the two youth agencies. The President's views were given to the Senate Committee by Paul V. McNutt, Federal Security Administrator, who received a letter from Mr. Roosevelt which said:

> I feel that the youth agencies have a definite place in the all-out war effect. The 1943 program of the National Youth Administration to train approximately 600,000 youths for war industries and for other essential work will be a definite and necessary contribution to our expanding labor requirements. The Civilian Conservation Corps work on army reservations is needed to prepare those reservations for full utilization. Likewise, the remaining projects of the corps, which are now limited to those essential to the various phases of our war effort and so located as to provide protective services in vital areas, should not be discontinued at this time.
>
> It is unfortunate that it is not generally known that the employment of these youth in some cases releases soldiers for active duty and in others involves tasks which would require the employment of adult citizens. I also feel that it should be made clear to all of our citizens that by far the greater number of those on the rolls are of pre-military age and that the training which they receive is preparing them for such service as they may be called upon to perform when they become of military age.
>
> In view of the above, I cannot agree with those who take the position that these agencies should be terminated and, accordingly, you are advised that S-2295 does not meet with my approval.

New Mutual Savings Bank Directory For 1942 Out

The 1942 Directory of mutual savings banks, just issued by the National Association of Mutual Savings Banks, shows informative details of these institutions in the 17 states where they operate. Figures cited were for last Dec. 31, when the mutuals had $10,489,679,543 deposits, distributed among 15,738,907 accounts. These figures were moderately lower than the previous peak records of recent years. In the last eight months of 1941 mutual institutions also distributed $173,577,070 of Defense Savings Bonds and that figure now has passed $350,000,000.

A new feature of the Directory is a listing of mutual savings banks having safe deposit facilities, life insurance departments, Christmas Clubs and school savings.

RFC Financing For War Totals $11.5 Billions

The Reconstruction Finance Corporation and its subsidiaries have authorized loans and commitments of $11,494,438,962 up to March 7 for activities connected with the war effort, Secretary of Commerce Jesse H. Jones revealed on March 21 in a report to President Roosevelt.

In connection with the rubber situation, Mr. Jones said that, instead of a productive capacity of 400,000 tons of synthetic rubber originally called for, the program has been increased to 700,000 tons annually. RFC expenses for constructing the facilities for this production will be about $600,000,000, expected to be completed by the end of 1943.

Associated Press Washington advices of March 21 reported the following on the report:

> Mr. Jones gave this breakdown of his agencies' commitments:
>
> Defense Plant Corporation—$4,797,757,903 to build or expand more than 700 plants to make airplanes, ships, tanks, guns, ordnance, magnesium, aluminum steel, synthetic rubber, aviation gasoline, and other war articles.
>
> Defense Supplies Corporation—$1,749,521,213 to buy, principally from foreign countries, wool, sugar, hides, manganese, chromium, asbestos, platinum, horsehair, lead, zinc, tin, abaca, quinine, opium, aviation gasoline, and other articles.
>
> Metals Reserve Company—$2,215,818,000 to buy copper, aluminum and other metals.
>
> Reconstruction Finance Corporation—$1,259,865,864 to make working capital loans to industry and to allied governments, including 425 million dollars to Great Britain.
>
> Rubber Reserve Company—$875,000,000 to buy and store rubber.
>
> War Insurance Corporation—$100,000,000 to provide insurance for domestic property against enemy attack.
>
> Export-Import Bank — $496,475,882 to make loans to friendly governments, mostly in Latin-America.
>
> Besides the synthetic rubber program, major efforts of the RFC group were said by Mr. Jones to include:
>
> Aluminum — $423,000,000 authorized to build plants to make 1,313,500,000 pounds per year of aluminum, 2,220,000,000 pounds of alumina [raw material for aluminum], 360,000,000 pounds of aluminum sheet, and 194,200,000 pounds of aluminum alloy and extruded products. This program is expected to more than triple the Nation's supply of aluminum, not counting an additional billion pounds of aluminum to be purchased from Canada in a three-year period.
>
> Magnesium—$360,000,000 authorized to build plants to make 627,500,000 pounds of magnesium—a vital airplane metal similar to, but lighter than, aluminum—per year. This would multiply the supply of this metal by about 20 times.
>
> Steel—$694,000,000 authorized to increase production annually by 6,200,000 tons of steel ingots, 5,500,000 tons of iron ore, 10,030,000 tons of pig iron, 1,950,000 tons of steel plate, 1,879,000 tons of armor and forgings, and 1,180,000 tons of blooms, bars, castings, and tubings, and also to increase capacity of coke, coal mining, and annealing, and heat treating of steel.
>
> Tin — The first American smelter of tin ore has been built and is expected to start producing in April at the rate of 51,600 tons per year, using Bolivian ore already stored in this country.

Foreign Front

(Continued from First Page)

quirements. Sporadic strikes in the vitally important shipyards are not unknown, even at this late date. Although short-cuts have been developed in merchant shipbuilding, important problems still remain, and they require immediate and earnest attention.

Three merchant ships were admitted lost off our Atlantic Coast last Thursday, and similar aggregates again were reported both on Sunday and on Monday. Hardly a day went by without some reports of sinkings. The acknowledged toll since the Germans took up U-boat warfare on our side of the Atlantic is close to 50 ships, and this does not include a heavy loss in Canadian waters. German broadcasts state that up to five and six ships are being sunk every day, which is unquestionably an exaggeration, but nevertheless a perturbing indication. Portuguese reports state that United Nations shipping on the European side of the Atlantic also is being subjected to heavy attacks.

New measures against the submarine menace now are being developed, according to Secretary of the Navy Frank Knox. Narrow shipping lanes have been specified for northbound and southbound traffic, and ships are to put into port at night, if possible. Increased patrol of the lanes may diminish the losses, but moonlight now is increasing to the advantage of the marauders. One of our bombing airplanes reported a submarine definitely sunk, last Sunday, and more incidents of this nature would be helpful. The Germans apparently are not now likely to use their heavy warships for merchant ship raiding, since the Tirpitz is said to be back in Trondheim, Norway, after a voyage on which British patrols lost contact with the ship.

No adequate information has been made available as to United Nations merchant ship losses in the Far East, during the last four months. It is clear that the shipping problem has been rendered more difficult by such losses, and also by the need for transporting supplies to the forces being assembled for the counter-stroke against Japan. These and other circumstances call for a merchant ship protection and construction effort far in excess of anything heretofore suggested officially.

Pacific Pause

Invasion blows and counter blows in the Pacific realm of Oceania now have become so relatively modest as to warrant the assumption that a military pause is in prospect, while forces of the United Nations and the Japanese prepare for fresh campaigns. The pause undoubtedly will be brief, for neither side is inclined to await passively the initiative of the other. The interim is sure to be studded, moreover, with furious aerial and naval actions, and probably also with landing attempts here and there.

In less than four months the Japanese have overwhelmed almost all of the Netherlands East Indies, and have occupied points east and west of the great chain of islands which serve as military bastions. The occupation is far from complete and may, indeed, only have started, for the native populations can hardly find the Japanese acceptable masters. It is fairly obvious that Japanese energies will now be devoted for a time largely to consolidation of the position, to the extent that this can be done.

For the United Nations the problem is to counter-attack with all possible speed in the Netherlands East Indies, and to develop whatever offensives may prove feasible from the Asian mainland and from Aleutian bases.

Vast problems of logistics now are faced both by the United Nations and the Japanese enemy, which assures a lengthy conflict unless some unforeseen accident intervenes, or the European war takes an unexpected turn. The Japanese have the advantage of the interior position, but they have lost shipping on a tremendous scale and probably are not too anxious to extend their lines farther. For the United Nations the length of the supply lines also makes the shipping problem an acute one, despite our greatly preponderant tonnage.

As the Supreme Commander of the United Nations forces in the Southern Pacific, General Douglas MacArthur surveyed the problem anew this week, from his base in Australia. All reports indicate that active and energetic measures are planned by the American Commander, but the precise plans naturally remain military secrets. The Philippines remain under the command of General MacArthur, who indicated his intentions by a simple assertion that he will return to those islands. Details of the journey by General MacArthur and his family and staff reveal an exciting venture by speedboat and airplane under the very noses of the Japanese.

Japanese general officers naturally show no more disposition to disclose their plans than do their counterparts of the United Nations. The European Axis members made much of assertions by some Japanese spokesmen, however, that a "defensive" position now is in order on the Malay Barrier. The sparring for position during the next few weeks may indicate the new phase of the tremendous war in the Pacific. Not to be excluded from the calculations is warfare between Russia and Japan, notwithstanding a new fisheries agreement just concluded by these nations.

Two main theaters of action remain in Oceania, for the time being, in the Philippines and at New Guinea and the lesser islands southeast of New Guinea. Lieut. General Jonathan Wainwright reported laconically, last Sunday, that the Japanese had served another "ultimatum," in the form of an appeal for surrender before the main attack begins. No reply was considered necessary, the successor of General MacArthur said. Intensive aerial bombing of our forces in the Philippines was resumed by the enemy, Tuesday, and land attacks also developed on an increasing scale. The Japanese were thrown back with heavy losses.

Japanese landing parties continued to move toward points on the southern shore of New Guinea, with the apparent intention of attacking Port Moresby and using that base for threats against Australia and shipping routes of the United Nations. The New Guinea area, accordingly, was a scene of intense activity, with the forces of the United Nations far more effective than in previous actions. Indeed, the Japanese appear to have suffered some of their greatest losses and reverses of the campaign at New Guinea.

Island-based aerial forces of Australia and the United States were reported officially last week to have virtually wiped out a Japanese invasion fleet off New Guinea. The smashing attack cost our forces only one airplane, but the Japanese suffered hits on two heavy cruisers, which were considered sunk, while a light cruiser was reported probably sunk and a fourth cruiser was damaged. One Japanese destroyer was reported probably sunk and two others possibly sunk, while still more were damaged. Five Japanese transports and cargo ships were reported either sunk or gutted by fire, and others were damaged and left burning. Taking in gunboats, minesweepers and other ships, the toll was reported to be 13 ships sunk and 10 damaged.

Washington announced last Saturday that our gunboat Asneville, 1,270 tons, was missing after Japanese attacks south of Java, early this month, and must be considered lost. It also was disclosed that the Java Sea action had made necessary the demolition in drydock at Surabaya of the destroyer Stewart. The submarine Sea Lion was destroyed at Cavite, before that Philippine base fell into the hands of the enemy, and the submarine Shark has been overdue in the Far East for more than a month, and must be given up for lost. The U. S. destroyers Pillsbury and Edsall were given up Tuesday for lost, in the Java sea battle.

From Perth, in Western Australia, a report finally has filtered through that a United Nations submarine which arrived there torpedoed a Japanese aircraft carrier, early this month. A heavy Japanese cruiser was reported hit by aerial bombs so badly that loss of the ship was regarded as assured. Tokio broadcast an admission, Tuesday, that 7,000 casualties were suffered in a landing at Rabaul, New Guinea, and that at least 50 ships and more than 100 airplanes have been lost in the last two months.

That Australia is being developed as a vast military base for action against the Japanese is now quite obvious, and important convoy arrivals again were reported there this week. The enemy made a few more raids against Port Darwin and other Australian points, and possibly will attempt invasion of such bases. There is now less apprehension, however, of full-scale attacks against the populous southeastern region of Australia. This did not prevent a brief but acrimonious dispute between London and Canberra regarding the appointment of the Australian Minister to Washington, Richard G. Casey, to a post in the British Cabinet, with headquarters in Cairo. Australian Prime Minister John Curtin was disinclined to sanction this transfer, but finally acceded. The misunderstanding, it appeared, was due principally to slow communications, but also in part to the Australian impression that Prime Minister Churchill still regards the Middle East as more important than the Far East in the global warfare.

India and China

Along a vast front in Eastern and Southern Asia fighting continues between the United Nations and the Japanese aggressors. The Burma front remains righly active and occasional battles are reported from the interior of China. To the North, the position remains uncertain, although there is assuredly no love lost between the Red Army and the Japanese forces which face each other along the border of Manchukuo and Siberia.

India clearly is in the balance and possibly will prove one of the great turning points of the global war. Although many Indians are with the British forces at different places throughout the world, the official attitude of both Hindus and Moslems is one of passivity. The demand for Indian independence within the British Empire, which the Indian leaders set forth as a requirement of all-out entry into the war, was taken up in New Delhi, Tuesday, by the special British representative, Sir Stafford Cripps. The conversations are expected to last only a week or two, for quick decisions were indicated by the able British negotiator on his arrival in India. Without disclosing the nature of his proposals, Sir Stafford indicated that they concern a "method of fulfilling past promises of self-government to the Indian peoples."

The Northern anchor of the long battle line in Eastern Asia is almost of as great potential military importance as the Southern end. Keen interest was aroused, therefore, by Moscow and Tokio announcments that another one-year pact had been concluded for Japanese fishing rights in Soviet waters of the Pacific. London and Washington affected to see little significance in the agreement, which the Japanese are endeavoring to extend for a longer period.

Chinese military leaders have turned their attention largely toward Southern Asia, where the great Burma Road has served to carry in supplies from the outside world. Some military activity still is in progress in Central China. But important units apparently have been dispatched toward Thailand and Burma, and a junction already has been effected between British and Chinese troops in Burma. Command of sizable Chinese forces was entrusted by Generalissimo Chiang Kai-shek, last Friday, to the American Lieut. General Joseph W. Stillwell. All American units in India, China and Burma will be under the command of General Stillwell.

The battle front in Burma, meanwhile, is about 100 miles north of Rangoon, near Toungoo. At stake is not only the Crown Colony, with its important oil and other resources, but also the Burma Road supply route into China, which admittedly is closed, for the time being. Desperate battles in the deep jungle country are reported, with the Japanese resorting once again to the infiltration tactics which they found so useful in Malaya. Small gains by the enemy are acknowledged, but they are proving highly costly. Moreover, the aerial battle tends to favor the United Nations in this area, for the steadily augmented United Nations squadrons hammered the Japanese unmercifully in Burma and also in Thailand this week.

Spring In Russia

Spring thaws now are beginning to spread northward from the Crimea along the Russian front where some of the greatest military battles in history already have been fought, and where others are destined to develop in coming months. It is a matter of guesswork whether the Russians will be able in the coming muddy weeks to extend their gains and perhaps to smash the Reichswehr before hard ground gives the Germans mechanical superiority. Severe tests face both forces, and it is evident that they are girding for the fight.

As Winter gave way to Spring, at the end of nine months of prodigious battles in Russia, the line zig-zagged across the Russian landscape, each side holding key points projecting deep into the lines of the opponent. The Red Army maintained the initiative, which is the most hopeful aspect of the situation. The German advance-point at Staraya Russa seems to be entirely encircled, and the thousands of German troops there are being supplied from the air. Red Army units struck savagely at Kharkov, fall of which was reported imminent on several occasions. Novgorod, to the North, was said in Moscow to be encircled.

Until and unless the Russians are able to retake the advanced positions of the Germany Army, fresh infiltrations between the points involve the danger of counter-encirclement, when the Reichswehr resumes the offensive. Thus, a great deal hinges on the activities of the next few weeks. No foreign observers of any kind are permitted to visit this front, which makes a realistic analysis additionally difficult.

Russian forces have driven so deeply between German points on the Central Russian front that they are now said to be nearing Vyasma and Smplensk. Parts of the Leningrad area have been cleared of the enemy and communications with that city are now resumed, but the Germans report continual shelling of military points in Leningrad. There are signs of renewed fighting on the Russo-Finnish front. At the extreme southern end of the line, in the Crimea, heavy Russian attacks are a daily occurrence, but no great change in the line seems to have occurred in the last month.

Russian authorities claim to have trained and equipped vast new armies, running into the hundreds of thousands, and these forces are in readiness for the coming battles. German preparations are believed to be extraordinarily sweeping, but possibly will be directed in part toward Africa and the Near East. New mechanized equipment and fresh armed forces are understood to be prepared for further action, and the German associates in Southeastern Europe are being forced to contribute new levies for the effort.

One difficult problem of the Russians clearly is that of military equipment and supplies, owing to the German occupation of a good part of the productive area of European Russia, and the scorched earth policy of the Red Army, itself. That the British are sending in all possibe equipment was indicated last Friday by qualified spokesmen in London, who said that promises of supplies for Russia are being fulfilled completely. American supplies also are arriving in Russia in heavy volume, it appears, for numerous American fighter planes are reported in use in Russia.

Eastern Mediterranean

Tension continued to mount this week in the Near East, and in the Eastern Mediterranean region which possibly will be an avenue for a German attempt to invade Southern Asia. It is quite within the realm of possibility that the Nazis will try a two-pronged drive eastward, one arm stretching over Africa and the Italian-controlled islands near Asia Minor, and the other over the Caucasus. The course of the Russian campaign will be indicative, of course, and counter-measures by the United Nations in Africa and the Near East may be of equal significance.

Turkey is a key point in this calculation, and it is evident that Ankara has been subjected to enormous diplomatic pressure by both sides in recent weeks. The German Ambassador to Turkey, Franz von Papen, returned over the last week-end to Berlin, and he was accompanied for part of the journey by King Boris, of Bulgaria. German authorities, meanwhile, called on their associates in Southeastern Europe to place new armies in the field. But it is not yet clear whether the Germans want the fresh levies for use in Russia or the Near East.

German plans possibly have been disrupted, to a degree, by a new contest between Rumania and Hungary, over Transylvania. The territorial awards by the Germans, in which Hungary was favored, have left the Rumanians discontented, and threats of warfare between these Axis satellites filled the air, for a time. Berlin reports, relayed through Switzerland, suggest that the Wilhelmstrasse will not now tolerate any open dissention between the Balkan countries.

Fighting between the United Nations and the Axis in the Eastern Mediterranean once again has lifted into glorious prominence the defense of the British base at Malta, only a few short miles from Italy. Malta has been

bombed from the air many times a day for weeks, but the defense continues grimly. Reinforcements and new supplies for Malta were sent through by convoy from Alexandria, the successful arrival of the convoy at Valetta being reported Tuesday. An intensive aerial and naval battle centered around this move, which cost the British the loss of one merchant ship, while the Italians found one of their battleships torpedoed from the air. Other losses were minor, in this dramatic encounter.

Possibly as a diversion, British submarines forayed deep into Italian waters of the lower Adriatic, as the convoy proceeded toward Malta. Two Italian submarines were sunk in this engagement, the London Admiralty announced on Monday, and numerous transports and sailing vessels also were sent to the bottom.

In the Libyan desert, meanwhile, the opposing forces continued to face each other without attempting large-scale action. Raids were reported daily, and a few encounters by small tank units developed, but sand storms hampered operations. The sand obscured even the vital question of aerial superiority in the desert region. London and Washington strategists are generally of the opinion that the Libyan front again will become active when the Germans start their main moves elsewhere.

Britain and Germany

Like other fronts of this global war, the battlements of Western Europe steadily are being prepared for any all-out efforts which the British and German forces may attempt against each other this Spring. Invasions attempts by each side are a necessary part of the military calculations, and the war of propaganda also touches this military aspect. The Germans currently are silent, while London spokesmen warned on Tuesday against any German invasion attempt. At the same time it was disclosed in the British capital that a new force of aerial parachute troops is being trained and readied for any more against the Continent.

Aerial bombing now begins to develop on the heaviest scale since May, of last year, which may signify new strategical moves. British bombers have been dropping destructive loads on German industrial cities and ports for months, while the Germans remained occupied with their Russian venture. Weather conditions interrupted the raids for a week, but they were resumed Monday, and became immensely damaging on Tuesday. The Germans returned the compliment by blasting towns in England in the Dover area. Since there are few industries in the region, British authorities warned that this might be the beginning of a German invasion move.

Both Britain and German took fresh stock of the food problem, this week, and increased restrictions were announced in the Reich, while London authorities pressed for increased production from the soil of the British Isles. Some members of the British Cabinet seem to be smarting under home criticism, for Clement R. Attlee, Dominion Secretary, protested what he chose to regard as "unfair criticism" last Sunday, and threats of suppression were leveled against one British newspaper. No kind of Government criticism would be tolerated in Germany.

From Washington

(Continued from First Page)

fessional agitators for industry, but that mostly it was coming from the farmers and the unorganized workers of the country. And they were not concerned about a 40-hour week. They were concerned about the money organized labor was raking out of the war. I got this analysis from Congressmen whose fan mail is overwhelming them.

These Congressmen reflected the impatience of citizens who see men in their own communities making $80 and $100 and $125 a week who have heretofore never made more than $40 and whom the community has never looked upon as being worth more than that. This seems to be the trouble—the observation of fellow Americans.

As just one example, a plant out in Ohio which formerly made automobile starters, is now making airplane starters. It is making so much money, and the owners, not wanting to pay the excess profits tax — insofar as the story has developed before the Truman committee—divided the profits up freely among the workers. A secretary who had never before in her life made more than $2,500 a year, received $39,000 in 1941. That's good going. Other other subordinates of this plant and the workers, too, received high salaries.

The people in this Ohio community knew of this and, being taxpayers, they burned up about it. They called it to the attention of the Truman committee. Other people in other communities throughout the country make similar observations and burn up—and write their Congressmen. The distraught Congressmen, trying to get heads and tails of the complaints—from the farmers, from others—try to hit upon something tangible. They hit upon the 40-hour week. The shrewd organized labor leaders with their shrewd publicity set-ups turn this into an attack on Industry—Industry is trying to destroy Labor's "social gains." They attack the newspapers, they say they are the hirelings of Industry, and the newspapers carry this, otherwise the Labor quacks would not have any voice. It all tends to accentuate the domestic Revolution which is taking place, a Revolution which is just as important as conquering the Japs or Hitler.

The tragic thing about it is that I have talked with Industrial leader after Industrial leader and each tells me that the repeal of the 40-hour week would not mean anything to him. The tragic thing is that they are being held responsible for the agitation when they are not responsible for it, except for a few of the professional agitators who prey upon them. The movement against the 40-hour week as it is being reflected in Congress, comes from other people, the great unorganized people of this country, and while they are vocal they haven't the organization to shoot their grievances to the point. Something ought to be done, unquestionably, about the movement, not of the workingman, but of the Labor Leaders, in this country; however, the relatively inarticulate mass against them is prone to hit upon weak symbols.

The War Production Board is taking on between 150 and 200 employees a week; possibly an opportunity for the automobile salesmen, the plumbing salesmen, the other workers, thrown out of jobs, to get a JOB.

An interesting phase of the Washington agitation, which this reporter hears is coming to make the country darned sick and tired, is that of the case of R. R. Guthrie, who is hitting the front pages now. The facts are that Guthrie, a dollar-a-year man, had been so uncongenial in the subordinate job which he had, that he had been demoted and it was quite plainly intimated to him that he should go out. The way in which Washington newspapers, at least, have picked up his complaint that he "resigned" because of lack of cooperation in the WPB is an amazing example of how political Washington is anxious to pick up anything against the Dollar-a-year men or Industry. Congressional committees have vied with one another to "hear" Guthrie. The Truman committee announced it would do it, but the Faddis sub-committee of the House beat Truman to it. Faddis and Truman are looking for different things, but all the politicians and the New Dealers seem to be in agreement against dollar-a-year men. This writer had heard of Guthrie before he hit headline prominence. A mutual friend down from New York kept telling me about what "Guthrie was going to do." And not recognizing his name, I would ask: "Who is Guthrie?" This friend would always assure me that Guthrie was one of the biggest men in the WPB, because Guthrie was telling him that that was what he was.

The first time I heard of him elsewhere was when he "resigned" because of lack of cooperation. It seems that his superiors had overruled some of his ideas for closing down, for wrecking certain industries. Therefore, they were not going "all out" against the enemy.

A very prominent man, recently told me that the alarming thing about the conduct of this war was that there seemed to be no one in Washington thinking about civilian morale. The attitude here seems to be to hit 'em and sock 'em. They haven't suffered enough. This, in spite of the fact, that in modern history, the collapse of civilian morale precedes the folding up of the soldiers on the front. The man who pointed that out to me is one of the greatest students of mass psychology in the country.

Financial Institutions Active In FHA Mtgs.

Financial institutions bought and sold a larger volume of FHA-insured home mortgages last year than ever before, and the number of institutions taking part in these transfers continued to increase, FHA Commissioner Abner H. Ferguson announced on March 23. The advices also state:

> Mortgages transferred (including resales) last year totaled 112,918 for $483,921,332 in original principal amount, compared with 91,292 mortgages for $400,591,159 transferred in 1940. These include only mortgages insured under Section 203 of Title II, National Housing Act.
>
> Cumulative volume of all mortgages transferred from 1935 through 1941 was 361,153 mortgages for $1,572,771,238, or 43.9% of the total amount of mortgages insured through 1941. This compares with a ratio of 40.2% at the end of 1940, 35.0% at the end of 1939, and 29.2% at the end of 1938.
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> The increase in volume of transfers was accompanied by a continued broadening of the market base. At the close of 1941 there were 3,023 institutions which had sold FHA-insured mortgages and 4,216 institutions which had purchased these securities. This compares with 2,681 sellers and 3,642 buyers at the close of 1940, and 2,175 sellers and 2,777 buyers at the close of 1939.

The FHA announcement further stated:

> Insurance companies continued as the most active buyers of FHA-insured mortgages last year with an increased ratio of 41.1% of the total amount of all purchases, compared with 38.7% in 1940. Mortgage companies continued as the most active sellers, but with a reduced ratio of 40.8% of all sales, compared with 48.4% in 1940.
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> Commercial banks ranked second as both sellers and buyers, with comparatively stable ratios. Their ratio of sales last year was 30.9% of the total amount, compared with 30.2% in 1940. Their ratio of purchases last year was 27.3%, compared with 29.0% in 1940.
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> The ratio of purchases by Federal agencies last year to the total amount was slightly higher than in 1940, but well below the previous two years. Their purchases were 18.4% of the total amount last year, 15.9% in 1940, 28.4% in 1939, and 28.3% in 1938.

Court Upholds Right Of Press To Hold Public Officials To Strict Accounting

The right of the press to criticize legislators was upheld at Albany on March 5 by the Appellate Division of the New York Supreme Court, which ruled specifically that newspapers have the right to hold public officials "to the strictest accountability." The ruling was made in dismissing the complaint of Representative Edwin A. Hall (Republican) of New York, against the Binghamton Press Company. The Court voted 3 to 2, said Associated Press advices from Albany, which stated that Representative Hall sued for $75,000 basing his action on editorials published Feb. 10, 11 and 12 last year, criticizing his vote against the Lend-Lease bill approved by Congress. In writing the majority opinion, Presiding Justice James P. Hill, said:

> National legislators who participate in the formation of governmental policies should be held to the strictest accountability. This is promoted through free exercise of the right to criticize official acts. The people furnish legislators with an extensive and expensive secretariat and give them the right to use the mails at public expense. With these opportunities of personal praise and propaganda opposition newspapers and editorial writers should not be limited to weak tepid and supine criticism and discussion.

Justice Hill also asserted that it was not "disgraceful or odious" should a Representative cast his vote contrary to the wishes of his constituents if he believes his position is the correct one. Pointing out that Justice Bliss, who concurred in the opinion of Justice Hill, declared that when the safety of the Nation is at stake "strong men do not mince matters, and neither the citizen nor his Representative can be squeamish about it," special Albany advices March 5 to the New York "Times" added:

> "It is the right of a free press to criticize severely, and of a free citizenry to speak plainly to and of its Representatives," said Justice Bliss. "One who assumes to represent our citizens in legislative halls must expect that his acts will be commented upon and criticized. Great issues require strong language.
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> "It is one of the verities of our democracy that eternal vigilance is the price of liberty. The courts may not muzzle those who maintain such vigilance. If the press or our citizens honestly believe that the acts of a legislative representative lend comfort to our Nation's enemies, there must be no question about the right to tell him just that in no uncertain terms. Queasy words will not do. How else can a democracy function?"

Justices Foster and Schenck in their dissent expressed the view that the editorials about which Representative Hall complained were "susceptible to a libelous meaning and should have been submitted to a jury." Justice Heffernan concurred in the opinions of Justices Hill and Bliss.

The rights of the press were also ruled on by the United States Supreme Court, which on March 9 granted permission to the American Civil Liberties Union to file a brief contending that "it is not libelous per se to say of a public official or one who engages in public discussion that he holds one opinion or another on a public issue." Reporting this the Associated Press further said:

> The brief was offered in connection with scheduled arguments on a libel suit brought by Representative Sweeney, Ohio Democrat, on the basis of statements in the Schenectady "Union Star" in 1938 that he was opposing the appointment of Emerich Burt Freed as Federal District Judge at Cleveland on the ground that Mr. Freed was a Jew.

Clark Elected President Of The Brooklyn Club

Everett M. Clark, a member of the staff of the Brooklyn Trust Company, was elected President of the Brooklyn Club, of Brooklyn, N. Y. for the ensuing year at the annual meeting of the Board of Directors of the club on March 17, succeeding Charles Pulis. Walter O'Malley was elected Vice-President of the club, and Col. A. W. J. Pohl and Fred Timpson were re-elected Treasurer and Secretary, respectively.

Mr. Clark, who has been Vice-President of the Brooklyn Club for the past four years, has long been active in civic and philanthropic circles in Brooklyn, where he has resided for the past 15 years. He was President of the Rotary Club of Brooklyn in 1936-37, General Chairman of the American Red Cross Roll Call in 1938 and 1939, and General Chairman of the Brooklyn Committee in the United Hospital Fund 1941 campaign. He is a director of the Brooklyn Association for Improving the Condition of the Poor and Brooklyn Chapter, American Red Cross, and a member of Flatlands Post, American Legion, the New England Society of Brooklyn, and the Salvation Army Association. Mr. O'Malley is an attorney-at-law, with offices in New York City. Mr. Pohl is executive director of the L. E. Waterman Co. Mr. Timpson is Secretary of the Rotary Club of Brooklyn.

The Brooklyn Club is the oldest social club in Brooklyn, having been organized in 1865. Its first President was Henry E. Pierrepont. Other former presidents include Benjamin D. Silliman, Edward M. Grout, George W. Chauncey, Charles Jerome Edwards, and General George Albert Wingate.

FDR Deeds to Foundation

President Roosevelt has deeded all his Georgia properties, with the exception of the "Little White House," to the Warm Springs Foundation for Infantile Paralysis, according to an announcement made on March 22 by Basil O'Connor, President of the National Foundation for Infantile Paralysis. Mr. O'Connor said the gift included the farmlands with all equipment, livestock and buildings. No other details were given out.

Items About Banks, Trust Companies

C. Alison Scully has been elected Executive Vice-President of Corn Exchange National Bank and Trust Company, Philadelphia.

C. Alison Scully

Mr. Scully has had an extended experience as an officer of two New York banks since 1923, having served as V.-P. of the National Bank of Commerce in New York from 1926 to 1929 and as V.-P. of the Bank of the Manhattan Co. from 1929 to March 1, 1942. He was educated in Philadelphia and is a graduate of the University of Pennsylvania, class of 1909. He is a lawyer as well as a banker, a member of the Philadelphia and New York Bar Associations. He is the author of books on "Insurance Trusts," "Business Life Insurance Trusts," and "The Purchase of Common Stocks as Trust Investments." He has been active in the affairs of the American Bankers Association having served on various committees of that organization for a number of years.

The Directors of J. P. Morgan & Co. Incorporated, New York, on March 18 elected Frederick R. Moseley, Jr., as Assistant Secretary.

The Chemical Bank & Trust Company of New York placed on display on March 24 a large World War II service flag in its main banking lobby at 165 Broadway. The flag contains 120 stars, one for each member of its staff in the service of our armed forces. This, it is announced, constitutes approximately 8% of the bank's total officers and employees and many more are expected to go. It is further announced that all Chemical Bank employees entering military service are continued on the payroll for two months and 10% of one month's salary is paid by the bank in each of the succeeding 10 months, after which time they are carried on the payroll at $1.00 a year. The pension benefits are continued during the time of service with the bank assuming the employee's premium for the period.

John E. Bierworth, President of the New York Trust Company, announced on March 23 that Alfred Hayes, formerly associated with the Bond Department of the National City Bank and the City Bank Farmers Trust Company, has been appointed an Assistant Secretary of the New York Trust Company, effective March 23, as a member of the Investment Division.

At the meeting of the Board of Trustees of the New York Trust Company on March 17, the office of Chairman of the Board, last held by Mortimer N. Buckner, who died Feb. 25, was abolished. The death of Mr. Buckner was referred to in our issue of March 5, page 968.

At a meeting of the Trustees of Central Hanover Bank & Trust Co. of New York held on March 17, William A. Eldridge, Vice-President, and John K. Olyphant, Jr., Vice-President, were elected members of the Board. Mr. Eldridge, a graduate of Harvard University, served in the United States Marine Corps during the first World War. Entering the employ of the bank Oct. 1, 1921, he served in various capacities and became a Vice-President of the company in 1930. He is now the head of the personal trust department. Mr. Olyphant served as instructor at the Officers Training Schools at Plattsburg, N. Y., and later as Captain in the 77th Division in France. He was graduated from Harvard University, class of 1918. Mr. Olyphant became associated with the Central Hanover on Dec. 1, 1930, and is now the head of the banking departments of the company.

E. Chester Gersten, President of the Public National Bank & Trust Co. of New York, announced on March 19 that George R. Howatt and Edmund P. Looney, formerly Assistant Cashiers, have been appointed Assistant Vice-Presidents. Both are located at the main office of the bank.

Lee S. Buckingham, President of the Clinton Trust Company of New York, announces that Nelson H. Cleberley has been appointed Assistant Trust Officer of the bank by the Board of Directors.

Sinclair Adam, a member of the New York Curb Exchange since July, 1928, died on March 17 at his home in Madison, N. J. He was 59 years old. Mr. Adam was a partner in the firm of Lord & Widli from Feb. 1, 1926, until its dissolution on July 31, 1941. Prior to that he was a member of the firm of Kiely & Horton from Jan. 31, 1924, to Feb. 1, 1926.

The Ossining Trust Co., Ossining, N. Y., has become a member of the New York State Bankers Association. Harry C. White is President of the institution.

John F. Murray, Vice-President of the Swarthmore National Bank of Swarthmore, Pa., and former Assistant Chief Engineer of the Pennsylvania Railroad, died on March 16. He was 69 years of age.

The Riggs National Bank, the largest bank in Washington, D. C., has arranged for the installation of a retirement annuity program for its employees, according to an announcement by Robert V. Fleming, President of the bank. The announcement states:

> More than 96% of the bank's personnel eligible to participate in the plan have already signed up. The plan provides that its participants may retire normally at age of 65, and receive a life income, which will be derived from monthly contributions by the bank and its employees during the years of future active service. The bank will provide additional amounts of retirement income in recognition of service prior to the effective date—March 1, 1942. Those eligible to participate in the plan include employees who have reached their 30th birthday and who have completed one year or more of continuous service, provided they have not reached their 64th birthday.
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> The plan is based on the principle of building up a definite monthly unit of retirement income for each year of membership. It includes liberal provisions in event of an employe's death or termination of his service, for retirement before or after normal retirement age, as well as the naming of a contingent annuitant, so that the participator in the plan, by accepting an appropriately reduced scale of payments, will know that this contingent annuitant will receive a certain specified amount for life.
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> In addition to the newly inaugurated retirement plan, the Metropolitan Life Insurance Co. is administering a group life insurance plan involving approximately $650,000 of insurance for the Riggs National Bank employees, which has been in effect for more than 20 years.

Mr. Fleming stated that the bank would continue its policy of providing for the older members of its organization, who because of age are ineligible for membership in the Metropolitan plan.

ABA Will Hear At Chicago Credit Clinic

Charles B. Henderson, Chairman of the Reconstruction Finance Corporation; C. B. Upham, Deputy Comptroller of the Currency; A. L. M. Wiggins, Second Vice-President of the American Bankers Association, and Dr. Paul F. Cadman, Economist of the Association, are among the speakers who will address the ABA Credit Clinic to be held in Chicago, April 15-17, it is announced by Henry W. Koeneke, the Association's President, who is President of the Security Bank of Ponca City, Ponca City, Okla.

Problems brought about by the war in the fields of consumer credit, agricultural credit, and commercial and defense loans will be the subjects for consideration at the three-day clinic. Each subject will receive a full day of deliberation in morning sessions and informal afternoon discussion groups. Approximately 50 speakers will address the clinic.

Two evening sessions will be held. Dr. Cadman will speak at the first of these evening sessions, and a panel discussion of war and post-war economic problems will be conducted at the second evening session by members of the faculty of the Graduate School of Banking, ABA education arm for bank officers. The area for the Clinic consists of 14 Mid-Western and North-Central States. They are Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. Invitations have been sent to all banks in this area, inviting them to send delegates. Headquarters for the Clinic will be the Stevens Hotel.

The Chicago Clinic is the second such meeting sponsored by the Association. The first, held in New York City, March 4-6, was attended by more than 1,000 bankers from the New England and Middle Atlantic States.

Shelve Bill Exempting War Contractors From Tax Urges Real Estate Board

Shelving of the Cochran Bill (H. R. 6617), which would exempt war contractors from paying State and local taxes is asked by the National Association of Real Estate Boards in a letter addressed to Chairman Robert L. Doughton of the House Ways and Means Committee. The bill would exempt all war contracts from sales taxes, ad valorem taxes, income taxes, etc., of the States and localities.

The Association points out that the exemption proposed would accentuate what is already widespread difficulty in our public revenue system and that as war activities are extended it would gravely affect State and local revenues. "It would be much better accounting, and certainly much less disturbing to State and local tax systems if no such bill were passed," the letter to Chairman Doughton states.

The Association and the National Council of Real Estate Taxpayers, pointing out the close inter-relationship of the national-State-local tax structure, have asked Congress in view of the necessity for greatly increased Federal taxes to adopt a national tax policy that will take cognizance of the tax necessities of State and local governments.

Tasks Listed For Wartime Advertising

The Advertising Federation of America, asserting that advertising is a force "urgently needed in this period of national peril," on Mar. 17 outlined 39 services it can perform in helping the war effort.

The Federation said American advertising, according to the New York "Times," has these four major functions to perform during war:

> Continue advertising's indispensable role in the process of distribution and in the maintenance of the business structure; guide consumer demand to channels most readily supplied and away from scarce materials; assist the Government directly in its appeals to the people on specific war efforts; and help maintain public morale.

From the "Times" we quote the following specific tasks for wartime advertising as listed by the Federation:

1. Continue all normal distribution functions that do not impede war effort.
2. Maintain channels and trade contracts for future needs of industry.
3. Preserve customer goodwill.
4. Keep brand names alive.
5. Prepare to build markets for post-war output of enlarged capacities.
6. Keep enterprises alive and capable of resuming full employment.
7. Preserve desire for eventual higher living standards.
8. Discourage lowering of present living standards beyond necessary restrictions of war.
9. Help maintain freedom of press, radio and other information facilities.
10. Guide buying of customers with newly increased purchasing power.
11. Stimulate use of products that can be supplied in plenty.
12. Educate consumers on conservation, care and repair of articles in use.
13. Help to spread out seasonal demand, reducing peaks in transportation requirements.
14. Discourage hoarding of commodities.
15. Explain elimination of frills in merchandise and service.
16. Explain substitution of materials.
17. Inform public on reasons for product scarcities and delays.
18. Deny false rumors of scarcity and rising prices.
19. Explain industry's part in war effort.
20. Foster national unity.
21. Promote intelligent patriotism.
22. Glorify service with our fighting forces.
23. Arouse enthusiasm of workers for production achievement.
24. Educate public on nutrition and other health matters.
25. Cooperate in campaigns for avoiding waste and collecting salvage.
26. Help sell Government bonds and stamps.
27. Assist in financial campaigns of voluntary service organizations.
28. Help in organization and conduct of home defense.
29. Assist in recruiting of specialists for armed forces.
30. Aid in promoting reallocation of skilled labor in war industries.
31. Avoid advertising devices that draw upon critical materials.
32. Avoid disclosing information useful to the enemy.
33. Avoid giving unsupported informtion or misleading impressions about the state of the nation or the progress of the war.
34. Avoid mere boastin[illegible] advertiser's patriotic servic[illegible] technical achievement withou conveying helpful informa[illegible]on
35. Avoid panic advertisin based on threats of highe prices and scarcities.
36. Avoid waste in advertising.
37. Continue efforts to make merchandise advertising 'as helpfully informing as po sible.
38. Aid and encourage th movement for education of consumers toward more efficient buying for satisfaction of needs.
39. At all times, do everythi possible to help preserve o American system of free competitive enterprise.

U. S. Building Alaska Ro

The State Department at Washington made public on March 1 the exchange of notes betwe the United States and Canad with respect to the constructi of the highway to Alaska. Unde the terms of the agreement th United States will pay for the con struction and maintain it during the war and for a period of si months thereafter. After the wa emergency that part of the roa which lies in Canada will be re turned to the Dominion, th agreement stipulating that there shall be no discrimination as to its use by Canadian and American civilian traffic. The notes were exchanged by Pierrepont Moffat, U. S. Minister to Canada, and Prime Minister Mackenzie King of Canada. Construction is expected to start immediately on completion of the detailed survey now being made by United States army engineers.

Approval of plans for construction of the 1,500 mile road was reported in these columns of March 19, page 1158.

Cut Rediscount Rate

The rediscount rate of the Federal Reserve Banks of Richmond and St. Louis which had been 1½% since late in 1937, was lowered to 1%, effective March 14, by the Directors of the banks. The action, which has been approved by the Board of Governors of the Federal Reserve System, follows a similar reduction made by the Chicago Federal Reserve Bank, effective on Feb. 28, as noted in our issue of March 12, page 1039.

The Philadelphia Federal Reserve Bank announced on March 20 that, effective March 21, its discount rate would also be reduced from 1½% to 1%. Since the New York and Boston banks have had this rate in effect for some time, the number of banks now having a 1% rediscount rate is increased to six. The other six Reserve banks continue their rate at 1½%. The Richmond Reserve bank's 1½% rate had been in effect since Aug. 27, 1937, while the St. Louis bank's rate had been established Sept. 2, 1937, and the Philadelphia bank's on Sept. 4, 1937.

Newsprint Cost Up

The "Financial Post" of Toronto in its March 14 issue reported the following from its own correspondent at Montreal.

> Canadian newsprint manufacturers will have slightly more than 50 cents a ton added to their costs next week as a result of the boost in freight rates on railway traffic between Canada and the United States.
>
> The average freight rate per ton of newsprint shipped by rail to the States from a Canadian mill is $9. The new order permits an increase in the freight rate up to 6%. On the basis of shipments to the U. S. last year, the new order of the Board of Transport Commissioners and the Interstate Commerce Commission adds approximately $1.5 million annually to the manufacturers' freight bill.